FINANCIAL TIMES

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News Summary

ULSTER

More riots after 5 die

Sporadic rioting continued for six hours in Newry, Co. Down, yesterday following protests against the shooting by the Army of three men said to have been trying to carry out a bank robbery. More rioting also broke out in Belfast, Londonderry and Coalisland, Co. Tyrone.

Altogether, five people—two of them women—were shot dead by troops and seven more were wounded. Terrorist gunfire injured four soldiers and one civilian.

Last night some 2,000 people marched from Newry's mortuary with the bodies of the three dead men. They marched in darkness—all street lights had been shot out—but there was no serious trouble.

Retaliation

In Dublin, IRA Provisionals leader Sean MacStiofain told Sinn Fein's annual conference retaliatory action would be taken against troops for their "stark terrorism" in shooting the two women—killed inside a speeding car in Belfast—and the men in Newry.

Later, about 800 demonstrators marched on the British Embassy calling for a withdrawal of troops.

Meanwhile, the Irish Government is expected to impose some preconditions for any further talks on Ulster between Mr. Lynch and Mr. Heath. Dublin is now seeking a positive indication that Britain is prepared to consider seriously both the prospects of an eventual all-Ireland solution and, in the interim, a radical restructuring of Ulster's present administration.

In the U.S., Senator Edward Kennedy, who refused to tone down his call for Britain's troops to leave Ulster, was facing mounting criticism in his home state of Massachusetts. Back Page.

'Kill Kosygin' men detained

Two men were arrested in raids on 18 Toronto homes after police reecived information of a plot to kill Mr. Kosygin, due to arrive there last night for a 24-hour visit. Police said a "large quantity" of loaded firearms had bee nseized.

Siffert dead

Veteran Swiss driver Jo "Seppi" Siffert, 35, was killed when his BRM Formula One car crashed and burned in the World Championship Victory race at Brands Hatch. Siffert, race favourite, was trying to close with the leaders on the 15th lap of the 40-lap race when his gearbox apparently seized. The unfinished race was awarded to his team-mate, Peter Gethin.

UN: Thant's plea

U Thant marked the U.N.'s 26th anniversary by acknowledging that it had "fallen short of expectations," but at least another world holocaust had been avoided—so far—and life had been improved for millions. He called on member States to "breathe new life" into the principles to which they had subscribed. China debate, Page 7

£166m. for Venice

Italian Government approved a Bill under which £166m. will be spent on saving Venice from sinking beneath the sea.

Just like summer

South-East England basked in sunshine again yesterday and bathers were out at several resorts at temperatures hovered near 70 degrees. The rest of the country was rather cooler, with temperatures in the mid-50s.

S. Africa raids

South African security police staged dawn swoops in si xcities on the homes of 60-70 people, mostly students, clergymen and university teachers. The raids were thought to have resulted from publication of a pamphlet, "Revolt, the Radical Newsletter," which has been circulated around the country recently.

Briefly . . .

Trafalgar Square was filled with thousands of anti-EEC demonstrators who were told by Labour MP Michael Foot that whatever the Commons decides on Thursday, "the fight will continue."

Pablo Picasso is 90 to-day.

Premium bond 2EF 161342 won this week's £25,000. The winner lives in Devon.

"Mary Queen of Scots" is the choice for the Royal Film Performance next March 27.

BUSINESS

Unions' strike pay total is doubled

● STRIKE PAY by trade unions last year was more than doubled with the total of dispute benefit paid rising 121 per cent. from £1.6m. to £3.6m. in 1970; earlier rises were 40 per cent. in 1969 and 50 per cent. in 1968, says the annual report of the Chief Registrar of Friendly Societies. The 1970 sums reflected a sharp increase in days lost through strikes to a record 11m.—already exceeded this year. Because of the cash drain many unions are unwilling to lose tax exemption on benefit funds by non-registration under the Industrial Relations Act. Page 33

● SHOP STEWARDS for Coventry toolroom workers who to-day are to stage their seventh Monday strike—expected to be followed by the second Tuesday lock-out—are believed to be planning to extend their industrial action. Page 27

● MR. FRANK CHAPPLE, EPTU general secretary, is now thought likely to join the dissension-torn contest for the union's top post, of general president, vacant since the death of Sir Leslie Cannon last December. The election date will be fixed after the union's rules revision conference next month, probably for early 1972. But Mr. Chapple has not yet declared that he will stand. Back Page

OECD may try to aid aluminium

● WORLD ALUMINIUM problems are bein gstudied by the OECD, it is believed, to see if it can help to avert the prospect of more production cuts. Market prices of 19c a pound, against new smelter production costs of 24c-28c, were quoted in Montreal by Mr. David Culver, Alcan Aluminium vice president, who gave a guarded welcome to the OECD possibility. But he said: If all went right—no trade war, a quick solution to currency troubles and a rapid growth in aluminium consumption — the world industry would still need to cut operating levels by 6 or 7 per cent. to about 80 per cent. Back Page

● GAS TURBINE POWER station i. to be built alongside the coal-fired station at Ocker Hill, near West Bromwich. It will be the first Midlands major power station of is kind: official approval has been given, says the CEGB staff journal for the Midlands. Page 33

● FT GROCERY PRICE index this month, 104.35, has fallen 0.91 compared with 0.36 in the old index at this time last year, due to more marked seasonal reductions in fruit and vegetables. Though butter was dearer eggs were good value but showed wide price variations. Page 6

● MR. RICHARD MARSH, British Railways Board chairman, is this week to give evidence before the U.S. Senate sub-committee in Washington on surface transportation. His theme will be: British Rail is a business, not a social service. Page 27

Japan's steel curb—official

● JAPAN WILL CURB STEEL exports to Britain and the Common Market from next year, Mr. Inayama, chief of the Japan Iron and Steel Federation and of Nippon Steel Corporation, has confirmed. He spoke in Tokyo on returning from the Toronto meeting of the International Iron and Steel Institute where the question was discussed. Value and tonnage limits are yet to be decided. Page 4

● ALTERNATIVES TO a shutdown of Britten-Norman, Isle of Wight producer of Islander and Trislander light transport aircraft, are being explored by the receiver, Mr. Maurice Eckman. His appointment for the debenture holders—the Government and the Exporters' Refinance Corporation (majority-owned by Lloyds Bank)—followed an ERC decision to recall £2.8m. loans. The alternatives, it is understood, include possible sale of the Trislander activities to an Israeli consortium and some form of rescue from within the aerospace industry. Back Page

Brandt prepared to meet Pompidou over monetary rift

BY MALCOLM RUTHERFORD

BONN, Oct. 24.

Chancellor Brandt has sent a personal letter to President Pompidou suggesting the possibility of a Franco-German summit meeting next month because of the deterioration in relations between the two countries which appear to have reached their lowest ebb for several years.

According to informed sources, the letter is a result of Herr Brandt's appreciation that the Franco-German rift is now seriously endangering the future of the Common Market. The sources also indicated, however, that the Germans are unlikely to make too many concessions to Paris to repair the damage.

The chief elements in the dispute are the international monetary crisis and the respective future parities of the D-Mark and the French franc. The Germans are insisting that, as part of an interim European solution to the crisis, the Common Market countries must fix new parities against each other. But, they add, this Common Market realignment must include some revaluation of the franc.

Paris view

There have been no signs so far that the French are willing to go along with this. A Bonn Government source said to-day that, if this continues to be the French position, he doubted very much whether a European solution would be possible. The source admitted that the consequences for the Common Market would then be very serious.

The Bonn Cabinet is known to be deeply divided about the present state of affairs, with some Ministers saying that a settlement with France must be reached at almost any cost. At a Cabinet meeting ten days ago, Professor Schiller, the Economics Minister, is understood to have come under severe criticism from the majority of his colleagues for having brought the Franco-German rift about.

Prof. Schiller has defended himself by saying that, while a Franco-German agreement is desirable, even more important is a general agreement on trade and monetary questions with the U.S., and a Franco-German quarrel cannot indefinitely be allowed to hold this up. In essence, he is arguing that there are matters more vital to Bonn than good relations with Paris.

At the moment, Prof. Schiller's view seems to prevail with Herr Brandt. The Chancellor stood firmly behind him in the budget debate last week and all but openly demanded a French revaluation.

Herr Brandt's letter to President Pompidou was written last Sunday. It is understood to be very diplomatic in tone, and to suggest only that, if the French President thinks a November summit meeting would help, Herr Brandt would welcome it.

All the signs are, however, that Herr Brandt believes that, in relations towards Paris, he is acting from a position of strength, and that he will insist that a French revaluation must come. It is, of course, possible that Bonn will back down in the end. The tough German attitude towards Paris, which has developed gradually over the past few months, is a radically new departure.

The monetary background to the dispute is that the D-Mark is floating by about 10 per cent. above its dollar parity, but also, because of French exchange controls, about 9 per cent. above the French franc. Since West Germany does the bulk of its trade with the Common Market countries, it cannot afford this Mark-Franc distortion, which the Germans regard as unfair and unjustified by true market forces.

There is also, however, a political feeling in Bonn that trading and monetary relations with America must be patched up, partly because of fears of spreading protectionism and, further, because the Germans are fearful of an American military withdrawal.

Airbus

Another time-bomb regarding relations with Paris is the Franco-German airbus, on which the Germans have to decide shortly whether to continue their participation. It is known that there is a very strong feeling in Bonn in favour of getting out, and that this is not confined to the Economics Ministry.

Still, it was notable that a Government source, who is personally opposed to the project, said to-day that he believed it would go through. A decision to quit would naturally strain Franco-German relations still more, but the Germans are not above making the threat.

Editorial comment Page 14

Consumer industries do best in U.S.

By Nicholas Colchester

NEW YORK, Oct. 24.

THE U.S. manufacturing and service industries made profits in the third quarter of this year about 8 per cent. above those in the corresponding quarter of 1970, according to preliminary figures tabulated by First National City Bank. But the figures show that the third quarter produced marginally less profits than the second.

Companies producing for the consumer prospered most over the last three months. Compared with the third quarter of 1970, the textile and clothing companies showed a 23 per cent. increase in profits, motor companies a 47 per cent. increase and printing and publishing a 12 per cent. increase.

The capital goods sector fared less well. Office machinery and computers earned their makers 3 per cent. more profit, the aerospace industry showed a 4 per cent. gain, but the machinery sector's profits fell by 16 per cent.

The only industry that might qualify for the "capital sector" and which performed well was building materials. This made 40 per cent. more profit than in the third quarter of last year

Wave of buying

The third quarter was disastrous for the non-ferrous metal and steel industries. The iron and steel companies made 30 per cent. less profit than in the third quarter of 1970 and 81 per cent. less profit than in the second quarter of this year because of the wave of hedge buying that preceded the industry's mid-summer wage negotiations. In the non-ferrous sector the aluminium industry was hit by the continuing worldwide over-capacity which has had a disastrous effect on prices. Copper producers, plagued by strikes, made 75 per cent. less profit than in the third quarter of 1970 and suffered a similar slump between the second and third quarters this year.

Canada cuts bank rate to-day by ½%

BY OUR OWN CORRESPONDENT

TORONTO, Oct. 24.

STRONG upward pressure on the Canadian dollar has caused the Bank of Canada to reduce its bank rate by ½ per cent. to 4.75 per cent., effective to-morrow.

The dollar has been rising steadily in recent weeks and on Friday the Bank of Canada had to intervene to prevent it from rising to parity with the U.S. dollar. The closing spot price for the dollar on Friday was 99.97 U.S. cents, the highest level reached since it was floated at the end of May last year.

Hectic

The volume of trading in the dollar was heavy and hectic throughout the day. Dealers said that most of the demand was from commercial sources such as Canadian exporters who dumped large amounts of U.S. dollars on the market. There was also heavy demand for Canadian dollars from U.S. banks. But it is difficult to estimate how many U.S. dollars the Bank of Canada had to absorb to keep the value of the Canadian dollar below par.

The reason for the recent upward pressure on the Canadian dollar is the fact that the generally higher level of interest rates in Canada has encouraged U.S. institutions and other foreign sources to commit their short-term investment money in the Canadian market. In addition, the fiscal year-end for Canada's chartered banks is October 31 and traditionally at this time of year the banks are aggressive bidders for most forms of deposits, including those by corporations and institutions in Canada and other countries.

In deciding to reduce the bank rate, the Bank of Canada is probably seeking to offset partly this tendency for short-term interest rates to rise duri[ng] the next 10 days in response [to] the chartered bank competit[ion] for wholesale deposits. Ba[nk] rate has been declining int[er]mittently since it reached a pe[ak] of 8 per cent. in July, 1969, the height of the central ban[k's] most recent cycle of tig[ht] money.

Beginning about mid-Ma[y] 1970, an easing in the restricti[ve] monetary posture became mo[re] noticeable and the steady expa[n]sion of the money supply slow[ly] picked up until the beginning [of] this year.

Since then, because of t[he] Federal Government's efforts [to] stimulate the economy, the e[x]pansion in the money supply h[as] grown more rapidly and h[as] been running at an annual ra[te] of about 20 per cent.

What is unusual about th[e] latest reduction in the bank ra[te] is that it followed, rather th[an] preceded, a reduction in prim[e] lending rates by Canada's cha[r]tered banks. Last Wednesda[y] the banks announced they woul[d] reduce their primate rate to 6.2[5] per cent. from 6.5 per cen[t] effective to-morrow.

Loans up

In the past year, the bank[s] have had to be prodded aggre[s]sively by the Bank of Canad[a] to reduce their prime rates. Thi[s] time, the banks moved i[n] advance of the Bank of Canada. It is possible that the banks ma[y] have to reduce further thei[r] prime rate as a result of the latest action by the Bank o[f] Canada.

While the banks generally re[]duce their prime rate to stimu[]late loan demand, the fact is that general bank loans out[]standing have been rising sharply in recent weeks and stand at $C18,400m., up $C2,540m. from a year ago.

New attempt at air fares pact

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

SENIOR executives of the airlines flying the North Atlantic will be making another major attempt this week in Lausanne to reach agreement on fares for the route and so avoid an "open rate" situation—in which airlines would be free to charge what they chose—from next February 1.

The meeting starts with a "policy-making session" to-morrow, which is expected to last two days, during which the senior executives will try to reach some form of agreement on Atlantic fares. If they are successful, the policy pact will be passed over to tariffs experts who will work out details of new fares.

Severe pressures

Feeling in the air transport industry is that the Lausanne meeting stands a reasonably good chance of success for a variety of reasons.

The first is that no one wants an "open rate" situation, which it is felt might quickly degenerate into a fares war in which some airlines could get severely mauled, if not forced out of business.

Secondly, the airlines are under severe pressures from their Governments to get some solution to the problem. Governments do not want to become involved directly in complex fares negotiations: they would prefer to leave such matters to the International Air Transport Association if possible.

But the Governments have become concerned in recent weeks at the airlines' apparent inability to reach agreement among themselves, with the result that the credibility of IATA itself appears to have been threatened.

The airlines themselves recognise this. They do not want to have rate-making taken out of their hands by Governments, and fear of this is making them more amenable to each other's point of view than was the case earlier in the summer when the fares pact hammered out at Montreal collapsed.

Thirdly, there is now serious concern in the travel industry at the situation. Agents throughout Europe and North America want to know what fares to charge passengers making advance bookings for the period after next February 1. As yet, these forward bookings are only a trickle, but they traditionally build up around the end of the year as passengers settle vacation plans for the months ahead.

Once fares are settled, it will still take several weeks for them to be disseminated throughout the travel trade, and even if there is agreement in Lausanne this week, agents will probably not be able to offer a coherent fares package until later this year.

Finally, the travelling public itself is confused, and the airlines are conscious that their image has suffered to some extent because of their inability to reach agreement.

Basically, the argument at Lausanne will not be about lower fares—all the airlines now accept that cheaper rates must be introduced—but about what level those cheaper rates shall be.

Little doubt

Mr. Richard Hilary, commercial director of BOAC, said over the week-end: "We shall go to the meeting with an open mind on transatlantic fares. We are all agreed on the need for a cheap, attractive promotional fare to generate the new business we need, but what kind of qualifications and conditions are attached to such a fare are open to further discussion."

Whether this means that BOAC is prepared to drop its earlier insistence upon a very cheap (around £80) Advanced Purchase Excursion (APEX) fare remains to be seen. But there is little doubt now that the whole concept of advanced purchase finds little enthusiasm among the other airlines, who would prefer to see a straight cut and a simplification of the fares structure.

Settlement of the Atlantic fares situation is important also to other fares problems still outstanding. British European Airways' plan to cut all normal tourist return air fares in Europe by amounts up to 50 per cent. ran into severe difficulties at the recent IATA Miami conference, and this is now to be discussed again at a European fares conference in Geneva starting on November 30.

This conference has been deliberately set at that date to give the North Atlantic airlines (many of whom are also deeply involved in the European fares problem) time to reach a settlement. The level of North Atlantic fares will have a direct bearing upon European rates, especially on the concept of Advanced Purchase (APEX).

If the North Atlantic airlines throw out the APEX idea—as they well might—BEA's scheme for cut rates, which also employs the APEX concept, does not seem likely to be very successful at Geneva.

Allied gets THF reply

BY SANDY McLACHLAN

MR. JOE THORLEY, the Allied Breweries chairman, will return to his office this morning to find a letter waiting for him from the Trust Houses Forte Board.

The letter came out of the Trust Houses Forte Board meeting on Friday, and did not arrive in time for Mr. Thorley to consider it over the week-end. It contains the THF Board's reply to Mr. Thorley's suggestion of merger talks between Allied and THF.

Mr. Thorley yesterday was not dismayed at the prospect of Allied and its adviser Rothschilds having to negotiate with two merchant banks representing THF. "It has been done before" he said yesterday.

The THF decision to appoint both Schroder Wagg and Warburgs to act as advisers was the result of a compromise between the two factions on the THF Board, led by Lord Crowther and Sir Charles Forte. Neither side was prepared to accept the other's candidate outright.

Although the Board is still deeply divided over both internal policies and personalities, as well as taking different views about a takeover bid, it is an oversimplification to assume that the two merchant banks will be representing one faction each. The situation seems to be more that the two banks will work together, presumably with one leading, but that they will have to report to a divided Board.

Strong bid to split Jenkins camp

BY RICHARD EVANS, LOBBY CORRESPONDENT

MASSIVE pressure is still building up inside the Labour Party to cut back the number of pro-Marketeers determined to vote for entry to the EEC in Thursday's historic Commons vote.

Their battlelines on both sides are now fairly rigid but Labour anti-Marketeers are still determined to force Mr. Roy Jenkins' supporters to break ranks so that the Government's majority for entry would be too precarious to introduce the necessary enabling legislation.

Final assault

The signal for the final assault on the beleagured pro-Marketeers came from the Opposition Leader, Mr. Harold Wilson, who argued that the Prime Minister was "manoeuvring" for the support of Labour MPs because that was the only way he could get approval for entry.

It was followed up yesterday by an aggressive Left-wing campaign against Mr. Jenkins and other leading pro-Marketeers at rallies in London and the North of England.

The universal belief among pro-Marketeers was that the pressure would build up fiercely throughout the week, culminating in a concerted attack at the Parliamentary Labour Party meeting on Thursday, a few hours before the vote.

The situation within the pro-Market camp remains fluid but the signs are that even if one or two back-benchers peel off the majority, including all the front-benchers, will stick to their determination to vote for entry against the three-line Whip.

The group of MPs closest to Mr. Roy Jenkins will meet at the Commons to-day and during the remaining four days of debate to discuss group tactics including the key question of whether to resign from their front-bench posts before the division.

Present indications remain that although some senior colleagues are putting the case for a mass resignation before the vote, majority opinion in the group is arguing in favour of sticking to their posts. The group was clearly bolstered by the impressive minority vote they received at last Tuesday's meeting of the PLP.

Estimates on the outcome of the vote vary widely according to the source, but the Government now expects a majority of at least 60. This is based on an assumption that about 35 Tory backbenchers will vote against entry and about 50 Labour MPs will vote with the Government.

If the majority rises much above 60, it will probably be due to more abstentions than expected on both the Tory and Labour benches.

Summit meeting

Although Thursday's vote is vital, it will only be the forerunner of many months of Party and inter-Party conflict over the enabling legislation to be introduced early next year.

One of the Prime Minister's major preoccupations will be to revive the unsuccessful campaign to swing the country behind entry and this could be helped by a timely meeting of the heads of Government of the ten States that will make up the enlarged EEC.

But the difficulties that lie ahead for the Government whips were emphasised by Mr. Wilson in his Saturday speech at Tunbridge Wells when he argued that by introducing a free vote for Conservatives on Thursday, Mr. Heath was only postponing the day of reckoning.

Mr. Wilson declared that in the consequential legislation from next February onwards, the Government would be much more vulnerable because "no Labour MP would think of treading the Tory lobby, or abstaining, on issues which directly affect the Government's ability to carry through their whole legislative programme."

Part of his speech, particularly where he inferred that Labour pro-Marketeers were being used by Mr. Heath as a political tool, were strongly resented yesterday by leading supporters of Mr. Jenkins.

ON OTHER PAGES

Letters to the Editor

BRACKEN HOUSE, CANNON STREET, LONDON, EC4

Joining the EEC

Sir,—At this late stage in the Great Debate the Financial Times must not be allowed to get away with a bland statement in its editorial (October 19) that "the real case for entry is that Britain cannot adequately secure her interests alone in a world facing a period of rapid change after the stability of the post war era."

Even if taken at its face value that statement ignores the paradox that for the first time in history a country should try to protect her interests by resigning herself to their loss. It does not matter in this context whether the Government puts a £250m. a year label on the price of entry or others a £500m. or £1,000m. label. The true price is that vital interests are being surrendered; this is of decisive importance for the future of Britain and of the world outside the EEC.

Neither does the argument end with this objection against the present terms, it becomes fundamental rather once the realisation dawns that the Common Market partners are quite unable to make an offer which would be substantially different, that is which would let Britain in with her vital interests intact. De Gaulle knew that, and being de Gaulle could not imagine a British Government would submit.

A trap

The EEC is a market arrangement between Germany and France. It suits Italy, opening her the doors towards development, and it offers security to Belgium and to the Netherlands. For Britain it is a trap. Saying that is not being anti-German or anti-French, least of all anti-European. The Common Market is not Europe, nor a manifestation of European will. Its very origin and its subsequent history are witness to the lack of that will. There is no shared vision among the Six even to-day and there is none that a British Government can contribute.

During this whole Great Debate there has been one true note only and that was the voice of dissent and of distaste of the majority of the ordinary people of Britain. Let the Establishment beware to counsel and to guide and to decide against the instincts of their people. To-day's justifications may sound reasonable, to-morrow's judgment will be extremely bitter once the nation discovers that it cannot retrieve what has been thrown away for nothing through error of judgment on the part of those who were out of touch who misinterpreted the trends of history, and who were yet so sure they knew better than their fellows.

W. F. Barazetti.

Mill Cottage,
The Dell, Hornchurch.

Expectations of industry

Sir,—Mr. C. Layton, of the EEC Commission, claims (October 20, page 33) that "the expectations of industry" are that export gains to Europe will outweigh losses in the Commonwealth. In fact, as was confirmed by the director-general of the CBI (Letters, November 20, 1970), even the CBI does not claim more than that the gains on the one hand will about balance the losses on the other. This calculation conveniently omitted to take account of higher production costs caused by a higher cost of living, so the real situation, even according to the CBI, is even worse.

Mr. Layton also cites work done by Mr. Josling of the LSE, and claims that it has "exploded" the anti-EEC economic case. As Mr. Josling considered (your report, October 11) that entry would reduce us from beef and butter to pork and margarine, I would suggest that his study is apt to explode in the face of the EEC defender.

Mr. Layton is the first Englishman for some years to take employment in a high position with a power which wishes to absorb us: he should show his consciousness of this distinction by a scrupulous regard for the facts.

G. J. A. Stern.

6, Eton Court,
Shepherds Hill, Highgate, N.6.

Small firms' apprehension

Sir,—Although Mr. James Towler (October 21) may well feel that industry is being steamrollered into the Common Market by, among others, the Confederation of British Industry, there is little doubt in my mind that the majority of industry sincerely does believe it will benefit from Britain's entry.

On October 21, for example, we published results of our own survey into how British manufacturing industry in the engineering sector would expect to benefit—if at all. This showed that three-quarters of British companies from whom we had returns believed that they will benefit from entry. Only 3 per cent. of the total thought they would be worse off, while the remainder could see a situation of "no change."

But 80 per cent. of those who replied were medium and large companies. The remaining 20 per cent. were small firms with a turnover of under £5m. And looking at small firms in particular, what is disturbing—and to some extent it bears out Mr. Towler's fears—is that many small firms are not looking forward to entry to the Common Market. We found that only 56 per cent. expected to benefit, and one-in-ten expected to be worse off. Yet those who did expect to benefit were obviously very optimistic. For 77 per cent. thought they would increase sales by between 6 and 10 per cent. The remainder expected between 10 and 20 per cent.

Yet surprisingly, nearly 50 per cent. of small firms thought they would be able to hold prices constant, although 43 per cent. fully anticipated that costs would rise through having to sell on the Continent.

It is clear to us that medium and large companies are going to benefit most from Britain's entry while small firms could well have a tough time. Perhaps the Government should take steps to encourage and help small firms—on which, of course, many medium and large companies rely heavily for components.

John Mortimer.

Editor, The Engineer,
28, Essex Street, Strand, W.C.2.

An abode of strife

Sir,—Your pro-Market readers make two revealing comments, Oct. 19 and 21: "In this, as in other matters of judgment, there can be no certainty."—"Saying No to Europe is like calling off one's wedding the day before." Precisely! It is a matter of personal judgment. A total commitment, for better or for worse, "for an indefinite period," would require, in Mr. Heath's words, "full-hearted consent."

In face of the full-hearted aversion of the British people (60 per cent. even in Mr. Heath's constituency), this shot-gun union must be called off forthwith. Otherwise we shall be entering an abode of strife.

W. E. Bell.

86 Woodgrange Avenue, N.12.

A reduction in inventories

Sir,—One sentence in Samuel Brittan's article—Unparalleled prosperity (October 21) worries me and should worry all of us, particularly as it is most probably true. I am referring to his comment on stockbuilding back to the normal level from the current depressed demand, giving the next stimulus.

As this sentence follows a comment on fixed investment, one must assume that he is referring to industrial stock building. Whilst for obvious reasons I am unable to quote examples, my recent experience suggests, that whilst inventories may be depressed—a purely relative and subjective term—considerable further reductions are possible. Limited "insurance buying" of certain materials may be warranted—though even this is doubtful, considering current international markets—but it is still possible substantially to reduce inventories. The funds thus released should be dynamically employed in modernisation of plants, or to extend our market effort in Europe, thus ensuring our long term prosperity.

Both courses of action would increase employment by at least as much, if not more, than restocking. Reducing inventories is a relatively slow process, but having evaluated the liquidity to be freed, plans can be made to redeploy these funds. However, by making industry more competitive, our future would be far more certain and raising further funds for expansion would prove much easier, if based on increased profits.

C. P. Morton,

C. P. Morton and Associates.
142, Arkwrights,
Harlow, Essex.

Deficiency payments

Sir,—I see that Mr. Prior (October 20 page 8) recognises that world grain prices have fallen this year due to good harvests throughout the world. He goes on to say that the price could well have fallen to £17.00 or £18.00 a ton in Britain had it not been for the controls on minimum import prices that were introduced this year, because of these controls the price was about £21.00 a ton for barley and £22.50 a ton for wheat.

It does seem that the consumers of barley and wheat, that is most people, are paying more than they need to support a non-competitive agricultural system.

The deficiency payments system was unjust, in that the taxpayer made up the difference between the home price and the world price, thus subsidising the inefficient farmer. The present system means our food costs more than it need, due to the import controls, so that the agricultural policy of the EEC will not seem to affect food prices so dramatically; either way the consumer loses.

Why cannot the Government abolish all controls on the import of food with the abolition of deficiency payments, therefore taking a positive step to reduce the cost of living and lighten the tax burden on the long suffering people of Britain?

C. W. O. Smedley.

49, Lennox Gardens, SW1.

Property bonds

SE Council and property bonds

From the Viscount Selby

Sir,—When I read the recent comments on the property and equity bond law put forward by the Stock Exchange Council to the Scott Committee (October 20, Page 48) I was in turn surprised and then fascinated. If it was really genuine concern by the Stock Exchange Council for the safety, security and protection of the investor I would not mind, but in this case I do feel that the Stock Exchange Council are the least qualified, if not the last people who should be consulted on this question.

First, to the best of my knowledge, the Stock Exchange has only recently put its own house in order by starting up proper examination qualifications. From what I have seen these are not likely to prove too arduous, in comparison with the traditional professions who normally spend from four years upwards in acquiring the requisite practical and scholastic abilities.

Second, be that as it may, the point is that in looking through the lists of directors of some of the property and equity bond companies, I see many of the older and respected professions represented, including lawyers, accountants, members of the Chartered Insurance Institute, members of the Chartered Institute of Secretaries, members of the Institute of Actuaries, and also members of the Royal Institute of Chartered Surveyors. This is not counting the odd Members of Parliament, Justices of the Peace, Fellows of the Royal Society, members of the Institute of Management and sundry others. I find it hard to believe that the SEC could possibly be suggesting that people who have had to prove their ability under examination conditions, and who almost without exception are subject to the discipline and ethical principles of their own institutes, would in any way do anything likely to intentionally mislead the investing public.

In my own line of business it has been necessary for me on many occasions to suggest that the company's clients liquidate a certain percentage of their Stock Exchange investments, and to invest in property bonds, for the sake of stability, security, insurance and taxation advantages. I have not so far had any complaints from those who have taken this advice, quite the opposite, in fact. It is also hardly surprising that the investing public has seen fit to endow one of the property bond companies with almost £70m. Perhaps one of the reasons is that if a company in which one has an equity stake goes into liquidation you may well be left with wallpaper; I find it very much more difficult to believe that this can happen to a company based on property investment.

A very tight statistical check is kept on the performance of the various bond companies, which is available to anyone interested, and in addition there is obviously a strong element of competition among the bond companies which I should have thought would tend to increase the services offered to the investor.

I should have thought in the long run that the property bond companies and the Stock Exchange could live in perfect harmony together, but this is unlikely to happen if there is any sniping between the two organisations.

The property bond companies would obviously be well advised to set up their own joint council in order to dictate a strict code of conduct, and I hope that at the same time they refrain from telling the Stock Exchange Council about their own deficiencies.

I have no connection with any individual bond company.

Selby.

Ardfern House,
By Lochgilphead, Argyll.

VAT

VAT and the retailer

Sir,—The peculiar thing about food shops is that the customer buys a basket of goods. She does not buy where each individual item is cheapest (as the commercial buyer is always assumed to), but where the whole basket of goods comes cheapest (taking account of convenience, quality and service).

In pricing his goods, therefore, the grocer is not concerned to fix a margin for each item to cover the handling costs and profit sought for that particular item, but to establish a "profit mix" across the range of goods which will be attractive to the customer and profitable to himself. His trading account (ignoring stocks) may well look like this:

		£
Purchases Foods ...	690	
Non-foods	160	
		850
Gross profit		150
		£1,000
		£
Sales Foods		800
Non-foods ...		200
		£1,000

Now, if VAT is charged on non-food items at, say, 10 per cent. but not on foods, that trading account will be transformed to look like this.

		£
Purchases Foods ...		690
Non-foods	160	
VAT invoiced by supplier	16	
		176
VAT paid to Excise		4
Gross profit		150
		£1,020
		£
Sales Foods		800
Non-foods ...	200	
VAT charged to customer	20	
		220
		£1,020

But by juggling his prices, the grocer can increase his gross profit while his customers pay no more and the Excise loses:

		£
Purchases Foods ...		690
Non-foods	160	
VAT invoiced	16	
		176
VAT paid to Excise		2
Gross profit		152
		£1,020
		£
Sales Foods		822
Non-foods ...	180	
VAT charged	18	
		198
		£1,020

The absurd and unintended effect of this is that every grocer and supermarket operator has an inducement to put up the price of foods which are to be free of tax while reducing the price of non-foods which are to be taxed.

The only way in which this effect can be avoided is by charging VAT on a percentage of the gross profit equal to the percentage of purchases which bears VAT; and to ignore the mark-up for particular categories. The total gross profit can be determined for any particular enterprise and this method will thus provide a sounder basis for computing this tax in every retail enterprise where two or more rates of tax prevail.

W. Knowles.

61, Valley Road, Ipswich.

Reducing unemployment

Sir,—It was shown conclusively when purchase tax was first introduced that no new system of taxation can in this country be based on trust by the revenue, and consequently, by reason of the fact that there were insufficient inspectors to examine traders' books, the majority of original licences issued to small traders were withdrawn.

Perhaps this is one of the reasons why a wealth tax would not be administratively possible in this country as it is in Sweden—there are not enough government valuers to challenge taxpayers' figures—not even in the Estate Duty Office.

However, the introduction of VAT will in effect kill two birds—it will or should relate taxation to spending, which is not in itself a bad thing provided that necessities are not taxed.

And it should help to solve the unemployment problem so far as white collar staff are concerned, for thousands will be needed to keep the extra records required by every trader, big or small—to record the tax on every transaction, and the remainder will be recruited by the Civil Service as inspectors to investigate the books of the multitudinous concerns which will have to keep records.

S. W. Penwill.

536, Salisbury House,
London Wall, EC2.

Coughing v. noseblowing

Sir,—Let us get this noseblowing business right back where it belongs—in the jungle. The flourish of a lawn handkerchief or a well-timed clearing of the throat has heralded many a company's return to liquidity.

But what chairman has ever forced the issue with a blow of the nose. Your decision makers are formed of subtler stuff—its the cough for them. Blowing your own trumpet, yes: your nose, never.

P. B. Harris.

211, Cannon Lane,
Pinner, Middlesex.

Music studios get £6.7m. U.S. order

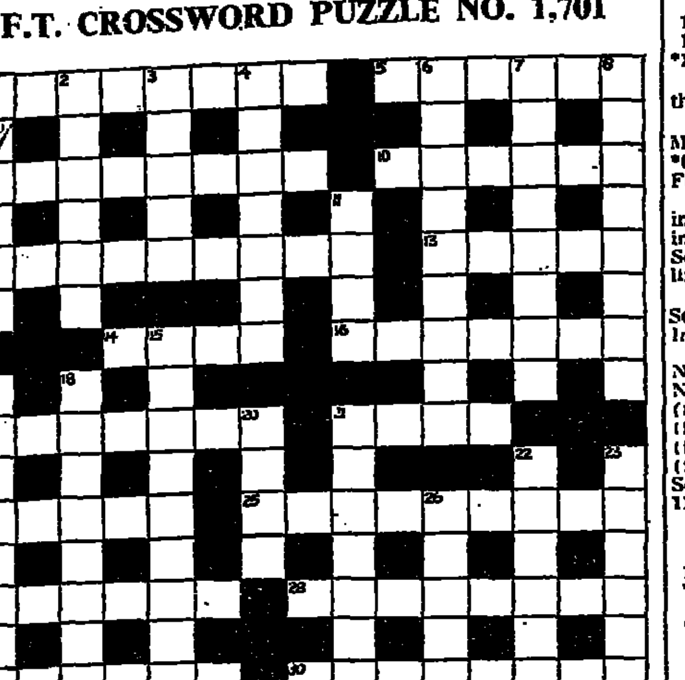
Electronic Music Studios (London) is to supply $16m. worth (about £6.7m.) of EMS electronic music equipment to the United States.

The contract will run for the next ten years and has been concluded with Cornish Sales, Westport, Conn. and Electronic Studios, Amherst, Mass.

Further contracts of about $17m. each (£7.1m.) are soon to be concluded with Cold Line Electronics; Theodore Presser, Pennsylvania; Sarkes Tarzian, Indiana; and Earl Matzkin Associates, Chicago. The contracts will be for the supply of EMS electronic equipment for various industrial applications.

To allow further expansion EMS has opened offices in New York under the name Electronic Music Studios of England Inc. The operation there will be directed by Mr. Robin Leach. EMS (London) says it expects to double its first year's turnover of £100,000.

F.T. CROSSWORD PUZZLE NO. 1,701



ACROSS

1 Supports speculators abroad (5, 3)
5 Halt before 1d gets clear (6)
9 Splendid club for racing (8)
10 Mean to be thin (6)
12 Emerson! I'd somehow get with it (9)
13 Frightful point in lake (5)
14 Health resort offers Pole some bridge (4)
16 Servant causing a lot of trouble (7)
19 Lucerne cropping up in America (7)
21 Eminent drunk (4)
24 Novelist able to survive an attack by Frost (5)
25 Never never use words a child can understand (4, 5)
27 Hound musters on account of beliefs (6)
28 "Be thou ... but by no means vulgar" Hamlet (8)
29 Chemical enables drug to grow on tree (6)
30 Sources of surprise (4, 4)

DOWN

1 A great girl for crime (6)
2 A space to which old Bob skips (6)
3 Woman in stitches has to refuse pipe (5)
4 Moreish and quite perfect (7)
6 Characteristic of what sounds like host's job (3, 7)
7 Can pears be cooked with sweetbread? (8)
8 Repeated battery keeping criminals in comfort (3, 5)
11 Girl has to go to city in truth (4)
15 Wonderful period when one had lots of dates (5, 4)
17 Finished high and dry (6, 2)
18 Terror caused by a very noisy fair (8)
20 Cough requiring attention (4)
21 Landlord needs time to arrange personal security (7)
22 Mind you bear a modern novelist ... (6)
23 ... belonging to the stars (6)
26 In case of torment (5)

The solution of last Saturday's prize puzzle will be published with names of winners next Saturday.

TV/Radio

* Indicates programme in black and white.

BBC 1

9.38 a.m. For Schools, Colleges. *12.00 Hardy Heating Co. Ltd. 12.50 p.m. A Chance to Meet Richard Ingrams. 1.30 On the Farm: Watch with Mother. 1.45 News. *2.05 For Schools, Colleges. *4.10 Design Education. 4.35 Adventures of Parsley. 4.40 Jackanory. 4.55 Blue Peter. 5.20 The Witch's Daughter, part 4. 5.44 Magic Roundabout.
5.50 News
6.00 London This Week
6.20 Entertaining with Kerr
6.45 Ask the Family
7.05 Z Cars
7.30 Now, Take My Wife ... starring Sheila Hancock, Donald Houston and Liz Edmiston
8.00 Panorama
9.00 Nine O'Clock News
9.20 The Troubleshooters
10.10 Steptoe and Son
10.40 24 Hours
*11.15 Road Sense

All Regions as BBC 1 except at the following times:—

Wales—*1.30-1.45 p.m. Ar Lin Mam. *6.00-6.20 Wales To-day. *6.45-7.05 Heddiw. *7.30-8.00 Fo A Fe.

Scotland—*6.00-6.20 p.m. Reporting Scotland. 10.10-10.40 Castles in the Air. 11.15-11.45 Who are the Scots? *11.45 Scottish News Headlines.

Northern Ireland—*6.00-6.20 p.m. Scene Around Six. *11.42 Northern Ireland News Headlines.

England—*6.00-6.20 p.m. Look North (from Leeds, Manchester, Newcastle); Midlands To-day (from Birmingham); Look East (from Norwich); Points West (from Bristol); South To-day (from Southampton); Spotlight South West (from Plymouth). 11.42 Regional News Headlines.

BBC 2

11.00 a.m. Play School
*6.35 p.m. Open University, Social Sciences
*7.10 Dressmaking, part 4
7.30 News
8.00 The Best of High Chaparral
9.00 Call My Bluff
9.30 Horizon
10.10 Thirty-Minute Theatre
10.40 News on 2
10.45 Late Night Line-up

LONDON

10.20 a.m. and 1.40 p.m. Schools Programmes. 2.33 The Communicators. *3.00 Country Visit. 3.10 Judo. 3.40 The Adventures of Rupert Bear. *3.55 Peyton Place. 4.25 Tea Break. 4.55 Lost in Space.
5.50 News from ITN
6.00 To-day
6.30 Crossroads
6.40 David Nixon's Magic Box
7.30 Coronation Street
8.00 World in Action
8.30 Lollipop Loves Mr. Mole
9.00 The Rivals of Sherlock Holmes
10.00 News at Ten
*10.30 The X Film: "The Fiends," starring Simone Signoret
12.35 a.m. Maverick Theologian: Hugh Kay talks to Hans Kung, Professor of Theology at Tubingen University in West Germany

All ITV Regions as London except at the following times:—

ANGLIA

*3.55 p.m. Katie Stewart Cooks. 4.20 Cartoon Time. *4.35 Anglia Newsroom. 4.30 The Romper Room. 4.55 Flipper. 5.15 Freewheelers. 6.00 About Anglia. 10.30 Probe. 11.05 The Champions. 11.58 Reflection.

ATV MIDLANDS

3.10 p.m. Yoga for Health. 3.35 Tomorrow's Horoscope. 3.40 Women To-day. 4.10 Nanny and the Professor. 4.40 Origami. 4.55 Lost in Space. 6.00 ATV Today including Today's MP. 10.30 University Challenge. 11.00 All Our Yesterdays.

BORDER

3.30 p.m. Farmhouse Kitchen. *4.00 Border News Headlines. 4.10 Nanny and the Professor. 4.40 Origami. 4.55 Pippi Longstocking. 5.20 Freewheelers. 6.00 Border News. 6.35 Dateline. 10.30 University Challenge. 10.50 The Avengers. 11.25 The Odd Couple. *11.57 Border News Summary.

CHANNEL

4.05 p.m. Anita in Jumbleland. 4.20 Puffin's Birthday Greetings. 4.25 Yoga for Health. 4.50 Rainbow. 5.15 Freewheelers. 6.00 Channel News and What's On Where. 6.15 Flintstones. 10.32 University Challenge. 11.03 The Avengers. 11.55 News and Weather in French.

GRAMPIAN

*3.30 p.m. Grampian News Headlines. 3.35 Cartoon Time. 3.40 The Adventures of Rupert Bear. 3.55 Yoga for Health. 4.20 Tea Break. 4.55 Land of the Giants. *6.00 Grampian News. *6.05 Country Focus. 6.35 Cartoon Time. 10.30 University Challenge.

*11.00 Katie Stewart Cooks. *11.25 Passing through Sweden. 11.58 Evening Prayers.

GRANADA

3.40 p.m. Searching Youth. 4.05 News, followed by Peyton Place. 4.40 Anita in Jumbleland. 4.50 Supercar. 5.15 Freewheelers. 6.00 Newsday. 6.15 Nanny and the Professor. 10.30 University Challenge. 11.00 The Winners.

HTV

3.45 p.m. Women Only. 4.15 Tinkertainment. *4.30 Robin Hood. 5.00 Sky Hawks. 5.20 Freewheelers. 6.01 Report West. 6.22 Report Wales. *10.30 Late Night Cinema: "The Big Heat," starring Glenn Ford, Gloria Grahame and Lee Marvin.

SCOTTISH

2.35 p.m. Faces of Power—Colin Morris. Lord Hailsham. 3.35 Interval. 3.30 Origami. 3.45 Casis Haven. 4.10 Dateline: Early. 4.55 Charlie Brown. 5.15 Freewheelers. 6.00 Dateline: Monday. 6.30 The Flintstones. 10.30 University Challenge. 11.00 Late Call. 11.05 Survival.

SOUTHERN

3.30 p.m. Yoga for Health. 3.35 Tomorrow's Horoscope. 3.40 Women To-day. 4.10 Houseparty. *4.20 Time Gallops On. 4.30 The Best of Lucy. 4.55 Voyage to the Bottom of the Sea. 6.00 Day By Day. 10.30 The Persecuted Forest. 11.25 The Bold Ones. 12.20 a.m. Southern News Extra.

TYNE TEES

2.35 p.m. Portugal—Dream of Empire. 2.55 Interval. 3.10 Pied Piper. *3.15 Play With a Purpose. 3.40 Yoga for Health. 4.10 North East Newsroom. 4.15 Cooking Pictures. 4.40 Anita in Jumbleland. 4.55 Skippy. 5.20 The Freewheelers. 6.00 Today at Six. 6.30 Love American Style. 10.30 Face the Press. 11.00 The Prisoner. 11.55 Late News Extra. 12.10 a.m. Yours Faithfully.

ULSTER

4.00 p.m. Yoga for Health. *4.30 Romper Room. *4.50 Ulster News Headlines. 4.55 Adventures of Seaspray. 5.20 Freewheelers. *6.00 UTV Reports. 6.15 Tomorrow. *10.30 Monday Night with the Rev. Hugh Murphy, C. C. Portrush. 10.35 Monday Movie: "Strangers on a Train" starring Farley Granger, Robert Walker and Ruth Roman.

WESTWARD

3.55 p.m. The Gus Honeybun Show. 4.05 Anita in Jumbleland. 4.20 Westward News Headlines. 4.25 Yoga for Health. 4.50 Rainbow. 5.15 Freewheelers. *6.00 Westward Diary. *6.35 Sports Desk. 10.30 University Challenge. 11.25 Westward Late News. 11.58 The Avengers. 11.55 Faith For Life.

YORKSHIRE

2.35 p.m. Portugal—Dream of Empire. 3.15 It's Fun to be Fooled. *3.55 You and Your Child. 3.45 Yoga for Health. 4.35 Calendar News. *4.10 Katie Stewart Cooks. 4.40 Anita in Jumbleland. 4.55 Skippy. 5.20 Freewheelers. 6.00 Calendar. 6.30 Branded. *10.30 Edgar Wallace. 11.30 All Our Yesterdays.

RADIO 1

247m

Time checks, up-to-the-minute traffic reports and News summaries at 5.30 a.m., 6.00, 6.30, then every hour on the half-hour until 2.30 p.m., 3.00, 3.30, 4.00, 4.30, 5.30, 6.00, 6.30, 7.00, 8.00, 11.00, 12 midnight, 1.00 a.m., 2.00. Weather at 5.32 a.m., 6.32, 6.32, 7.32, 8.32, 5.32 p.m., 6.32, 7.02, 2.02 a.m.

5.30 a.m. As Radio 2. 7.00 Tony Blackburn. 9.00 Jimmy Young. 12.00 Dave Lee Travis. 1.00 Johnnie Walker. 3.02 Terry Wogan. 5.00 What's New. 6.00 As Radio 2. Radio 1 on VHF and 247m. between 10 p.m. and 12 midnight. 10.00 Sounds of the 70s. 12.00-2.02 a.m. As Radio 2.

RADIO 2

1,500m: VHF

News summaries at 5.30 a.m., 6.00, 6.30, 7.00, 7.30, 8.00, then every hour on the hour until 3.00 p.m., 3.30, 4.00, 4.30, 5.00, 5.30, 6.00, 6.30, 7.00, 8.00, 10.00 (1,500m.), 11.00, 12 midnight, 1.00 a.m., 2.00. Weather at 5.32 a.m., 6.32, 7.32, 8.32, 5.02 p.m., 6.32, 7.02, 2.02 a.m.

5.30 a.m. News. 5.32 Breakfast Special (5.57 Racing Bulletin). 6.55 Pause for Thought. 8.02 Pete Murray's Open House. 11.02 Morning Story. 11.15 Waggoners' Walk. 11.30 Tony Brandon: words and music. 2.02 p.m. Woman's Hour. 3.02 Terry Wogan. 4.15 Waggoners' Walk. 4.33 Sam Costa—music and song. 6.02 Album Time. 6.30 Sports Desk. 7.02 After Seven: Michael Parkinson: entertainment in words and music. 8.02 Jimmy

Tarbuck. 8.30 Bill McGee says It's a Fine Thing to Sing. 9.00 Country Style. 9.30 Radio 2 on 1,500m. and 202m. only between 10 p.m. and 12 midnight (202m. Edinburgh, Glasgow, Dundee and Aberdeen). 10.02 Late Night Extra (including Sports Desk at 10.15). 12.00 Midnight Newsroom. 12.05 a.m. Night Ride. 2.00 News.

RADIO 3

194m, 464m; VHF

7.00 a.m. News. 7.05 Morning Concert: Boyce, Arne, Avison, J. C. Bach, Rossini, Bizet. Debussy, gramophone records. 8.00 News. 9.05 This week's composer: Bach on gramophone records. 9.45 Talking about Music. 10.15 Orchestral Concert: Mozart, Beethoven, gramophone records. 11.15 Oboe and Piano recital: Gordon Jacob, Leone Sinigaglia. 11.45 Orchestral Concert: Stravinsky, Bach, Brahms. 1.00 News. 1.05 BBC Lunchtime Concert: Gesi, Monteverdi, Cavalli. 2.05 Showcase: Paganini, Mozart, Bartok. 3.20 Chamber Concert: Mozart, Zsolt Durko, Leo Weiner. 4.20 Pied Piper. 4.40 Music from Czechoslovakia. 5.30 Westminster Cathedral summer series: Organ recital, Alain Durufle. 5.45 Bandstand. 6.15 Concert Calendar. 6.25 Programme News and Stock Market report. 6.30-7.30 Study on 3: Vivez la France, part 4. 7.30 Amici, buona sera! 7.50-7.55 VHF Open University. Arts. 7.30 Sam Slade is missing: play. 9.30 Weather. 10.00 The World Tonight. 10.45 Music in the Pacific: Johnny Morris goes island-hopping across the Pacific Ocean, Part 3. 9.30 News Summary. 10.00 Lovers Blunder. 12.30 International Concert Season of the European Broadcasting Union on whose behalf The Canadian Broadcasting Corporation presents A Recital of Variations. 9.20 The American Pioneer Tradition: Griffes, Ives, gramophone records. 10.35 The Monte D'Arthur by Sir Thomas Malory. 11.00 Jazz in Britain. 11.30 News summary.

RADIO 4

330m; VHF

6.25 a.m. News summary. 6.27 Farming Week. 6.45 Prayer for the day. 6.50 Regional news, weather and preview. 7.00 To-day: magazine. The News. 7.40 To-day's Papers. 7.45 Thought for the day. 7.50 Weather, regional news. 8.00 News and more of To-day. 8.40 To-day's Papers. 8.45 John Ebdon continues his investigation of the BBC Sound Archives. 9.00 News. 9.05 Start the week with Richard Baker. 9.55-10.15 For Schools. 10.15 Daily Service. 10.30-12.00 For Schools. 12.00 You and Yours. 12.25 p.m. Desert Island Discs. 12.55 Weather, programme news. 1.00 The World at One. 1.30 The Archers. 1.45 Listen with Mother. 2.00-3.00 For Schools. 3.00 Afternoon Theatre. 4.15 Mr. Asquith's Daughter: Lady Violet Bonham Carter. 4.30 Story Time. 5.00 PM: News magazine. 5.50 Regional news, weather and preview. 6.00 News. 6.15 The Secret Life of Kenneth Williams. 6.45 The Archers. 7.00 News Desk. 7.30 My Word! 8.00 Anne Shelton Jaunt in the Pacific: Johnny Morris goes island-hopping across the Pacific Ocean, Part 3. 9.30 Sam Slade is missing: play. 9.59 Weather. 10.00 The World Tonight. 10.45 To-day in Parliament. 11.00 A Book at Bedtime. 11.15 News. 11.31 Market Trends.

Racing

Don't Weaken at Wye

by DARE WIGAN

IT IS many years since a stable housed such a wealth of good two-year-old colts as does Bernard van Cutsem's at Newmarket. For instance, there is Crowned Prince, winner of the Champagne and Dewhurst Stakes, which is owned in partnership by Mr. Frank McMahon, Mrs. "Mimi" van Cutsem and Lord Rotherwick; Mrs. van Cutsem's Sharpen Up, unbeaten in five races worth over £16,000, including the Hyperion, Seaton Delaval and Middle Park Stakes; and High Top, a colt by Derring-do, owned by a newcomer to racing, Sir Jules Thorn, who, on Saturday, won the Observer Gold Cup worth £18,385 decisively by three-quarters of a length from Steel Pulse, with Pentland Firth, two lengths away third, ahead of the Irish-trained Boucher.

In addition, van Cutsem has been successful with a host of others, several of which, judged on breeding, may have to be reckoned with in next season's classics. However, enviable though his position is, there lurks at Warren Place, Yaroslav, a half-brother (by the 1964 Derby winner Santa Claus) to Altesse Royale, which, on his first appearance on a racecourse at Newbury in August, defeated High Top by half a length, and who later won the Royal Lodge Stakes at Ascot in spite of runnig wide on the bend into the straight. Noel Murless makes no secret of the fact that he considers Yaroslav a colt of exceptional promise.

At Newbury, on Saturday, there was an exciting duel between Into View and Spanish Steps for the Hermitage Chase, in which Into View got up to win in the last stride after it had looked as though Spanish Steps had the measure of him. Border Mask, the third member of the party, who had not been out since he pulled up lame in a sponsored race at Ascot last December, ran well for a long way, and, provided he remains sound, will also have to be considered in the coming months.

At Nottingham this afternoon, Living Free is a suggestion for Division I of the Woodborough Maiden Plate (3.30). And down at Wye, Don't Weaken, twice a winner over course and distance in his younger days, should set his opponents a good gallop in the East Kent Handicap Chase (2.15).

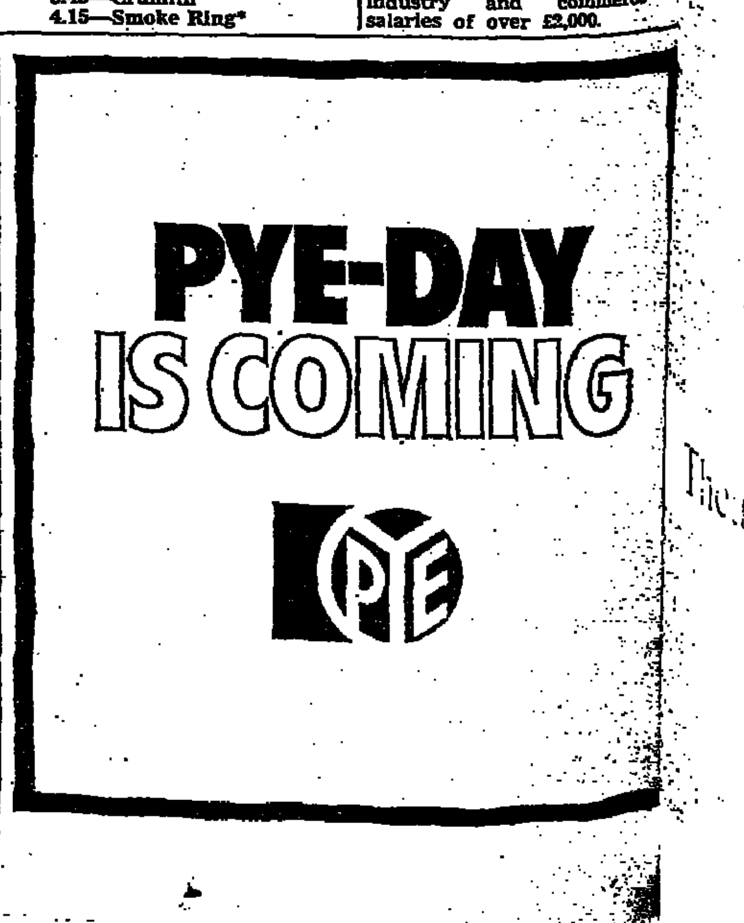
SELECTIONS

Nottingham

1.30—Speedy Money
2.00—Personal Question
2.30—Hop Pocket
3.00—Saffron Hill
3.30—Living Free
4.00—Pol Na Chree
4.30—Exstream
5.00—Donnybrook

Wye

2.15—Don't Weaken**
3.45—Crumlin
4.15—Smoke Ring*



Events

To-day

PARLIAMENTARY BUSINESS—

House of Commons: Third day of debate on the U.K. and the European Communities.

THE CHANNEL BRIDGE, meeting and debate organised by the Channel Tunnel Association, at Caxton Hall, S.W., 7 p.m.

A list of to-day's Company Meetings can be found in the Week's Financial Diary on Page 8.

CARTRANSPORT TO DISTRIBUTE CHRYSLER CARS

A three-year contract for the distribution of domestic vehicles throughout Britain has been awarded by Chrysler U.K. to Cartransport (BRS) of Coventry.

Estimated to be worth between £5m. and £6m., the contract starts on January 1, 1972, and will be operated as a separate division of the company.

Cartransport (BRS), the main car delivery company of the National Freight Corporation, will absorb the car delivery division of Mortons (BRS), which has held the contract for the last three years.

"This will make the company probably the largest car transporting organisation in the U.K., serving the majority of manufacturers and importers," a spokesman said.

MORE JOBS FOR ACCOUNTANTS

Demand for accountants and finance staff is 41 per cent. higher than in September, 1969, according to Reed Executive (Selection).

The employment group bases this figure on samples from more than 60 media advertising jobs in industry and commerce with salaries of over £2,000.

Covent Garden

Dances and Rite

by CLEMENT CRISP

Dances at a Gathering, which formed the first half of Thursday's programme at the Opera House, really defeats criticism. If you have seen it, no words of mine are needed to tell you that it is well-nigh perfect; if you have not seen it, no words of mine, alas, can convey the delight and heart-stirring joy that Jerome Robbins has created from eighteen piano pieces by Chopin and ten dancers. It is, on its simplest terms, a ballet about people dancing, singly and together; through these dances, and through their cunning juxtaposition, Robbins tells us about the splendours of classic dancing, about the pleasures of lovers' encounters, about the nicest sort of rivalries, about love and flirtation and showing off, and he hints at sorrows, and nostalgia for another time and another place.

But commentary is useless; you have to experience this lovely ballet, and see—among many other things—how Robbins has mirrored so much of Chopin's personality in the dances, so that the decorative manner of Chopin's pianism is reflected in the academic technique, and how the composer's deeper qualities (his Polishness, his in-born feeling for the mazurka, if you like) colours and gives the dances their true identity. But enough said—save to report that Thursday's cast was splendid and stellar, and that certain changes in the sharing of the dances were entirely effective. Monica Mason, for example, not only glitters through the "anything you can do, I can do better" duet with Michael Coleman (who, for my money, handsomely stole the honours of the male dancing at this performance), and brings off her customary solo *étude* with delicious wit, but also dances the girl whom none of the boys will partner, with a charming insouciance. But praise to everyone in the cast, for dancing that was elegant, spirited and eloquent.

If I have singled out Miss Mason, it is because she also appeared as the Chosen Maiden in a revival of MacMillan's *Rite of Spring* which completed the double bill. The revival is all the more welcome since it effectively wipes from the memory the nasty traces left by Béjart's version that we saw this summer. MacMillan's original and moving realisation of the score needs no further commendation from me: it dominates by its imaginative force and the untiring resource of its imagery. Miss Mason, of course, is nothing short of magnificent in the role that she created and which she dances with a combination of grandeur and frenzied terror that is outstanding. She has the rare ability to suggest—as certain great oriental dancers can—the fact of divine possession; transcending her mortal state, she incarnates the tribe's hopes for the continued fertility of the earth, and by the weight of her presence she conveys exactly the virgin's role as totem and vessel for the gods' intervention. It is a unique and thrilling performance.

And as if to prove the validity of MacMillan's version, a picture in a Sunday newspaper the other week showed a snaking line of Bavenda tribeswomen from the Transvaal in a fertility dance that might have come from this production of *Rite*.

The Place

Subject to Fits

by B. A. YOUNG

Robert Montgomery wrote *Subject to Fits* while a student at Yale, and it comes to us in the RSC's production via an off-Broadway presentation by the New York Shakespeare Festival Public Theatre. It consists of a series of free variations on themes from Dostoevsky's *The Idiot*, but is, says the author, "neither adaptation, dramatisation nor translation ... *Subject to Fits* is a response to *The Idiot* ... entirely original — smacking of *The Idiot*, dreaming of *The Idiot*, but mostly taking off where *The Idiot* drove it."

I thought it worth quoting this much, for one's natural response, is to wonder what Mr. Montgomery thinks he's doing. It's not, in fact, half as original as he claims, for it's all based on scenes from the novel. They're treated as exercises in free association; one event may give rise to knockabout comedy, one to a song (the author's own score, school of Galt MacDermott), one to a speech that might almost belong to the original, one to an elaborate piece of symbolism.

Much of it is imaginative and memorable, though it seemed to me that imagination ran lower as the evening progressed. But I recall with pleasure Natasha's first entry (Sara Kestelman in funereal black, a figure from Charles Addams) when everyone present re-enacts the scenes where they first heard her name mentioned; Myshkin and Rogozhin playing at death in Rogozhin's do-it-yourself grave, Natasha stealing in beside them; Myshkin's spectacular fall from a five-foot-high platform of Leo Yoshimura's abstract set. And the final scene, with Myshkin boxed up in a glassy plastic cube, his voice faintly calling from inside, is telling. Visually at any rate, Mr. Montgomery and the director, A. J. Antoon, often get very near the bull.

The playing, too, is admirable: John Kane's boiler-suited Myshkin and Julian Glover's saturnine Rogozhin make one long to see them in a more serious version. Paul Hardwick as the old General living on his fallible memories of Napoleon, Lila Kaye, an imperturbably gracious Mme. Yepanchin, Isla Blair's Aglaya in a child's white party dress—these are vivid performances, even if, when all's said and done, they are only performances of caricatures.

I still wonder what Mr. Montgomery thinks he was doing. In spite of its superficial pleasures and its occasional surprises, such as Miss Kestelman's husky baritone singing-voice, *Subject to Fits* adds up only to a sequence of clever student exercises. It shows us nothing about Dostoevsky (nor would its author claim it to). It shows us nothing about the human condition, except when its origins poke through. All we have to take away with us is that facile dazzle, as if we had spent the evening listening to a programme of nothing but Liszt's opera transcriptions.

Festival Hall

New Philharmonia

by RONALD CRICHTON

There must be a big psychological difference between being even a frequent and honoured guest conductor with a big orchestra and becoming their associate principal conductor. The relationship must alter; the playing may do so. Judging by Thursday's concert, it seems likely that Lorin Maazel and the New Philharmonia are still in the process of working out their new relationship. The end result will no doubt be as happy as their partnership in former days. The immediate result is less so.

It was surprising to find that of the four works which made up this programme—the seventh symphony of Sibelius, Bartok's Music for strings, percussion and celesta, Delius's *Paris*, and Strauss's *Till Eulenspiegel*—the Delius, which not even its warmest admirer, would claim to be the greatest of the bunch, should turn out the most interesting in performance. *Till*, of course, went with a swing, but Maazel emphasised the pranks and the horrors at the expense of the streak of wistful sympathy Strauss shows for his bovver-boy, and overdid his antics on the rostrum.

Paris he conducted not from inside the Beecham tradition but rather as an interested, intelligent outsider. Some of the mystery evaporated, but the physical guts of the score were very much there. Maazel did not weld melodic phrases, passing in the Delian manner from instrument to instrument, into a continuous singing line. Sometimes what we are accustomed to hear as subsidiary voices came out on top. This was Paris as *la ville lumière* seen (not inappropriately considering Delius's Nordic involvements) with Scandinavian brightness.

The Nordic streak in the music might not have been so obvious if the Sibelius Seventh had not come earlier in the same programme. The symphony's opening pages were impressive; if rather bumpy for such solemn music, with a degree of harmonic tension that made at least one member of the audience hope to recapture the old magic. But too soon one began to worry about things like balance. The trombone theme at its first appearance was almost embedded. So was the first half of the crucial down-one, up-one string phrase at the very end. Fortunately there were properly balanced details in compensation, such as the beautiful passage near the beginning where the clarinet shines out on top of the woodwind chords with strings buzzing far below.

The least enjoyable performance was the Bartok, untidy, imprecisely played and for all one could tell imprecisely felt. Maazel upset the glassy stillness of the first movement with a pronounced quickening of the tempo in the middle. Only the Adagio had anything near the right atmospheric power. The rest made one wonder if the work is really as good as it habitually seems. Never mind, we must be patient. Better things will surely come.

Theatre round-up

Sir Alan Herbert's *Bless The Bride*, with its memorable music by Vivian Ellis, opens at the Richmond Theatre to-morrow, Tuesday, prior to going to The Congress Theatre, Eastbourne, on November 8, which will be the first of five one-week runs; the other venues are at Oxford, Brighton, Bradford and Norwich. The show stars Mary Millar, Ray Chiarella, John Quayle and Olive Gilbert.

Following its tour of *The Pyjama Game*, and its visits to the Caerphilly Festival and Bury St. Edmunds with Arthur Miller's *The Price*, the Belgrade Theatre, Coventry, is to continue its touring policy with a five week visit to Holland with *Entertaining Mr. Sloane*, following its closure at Coventry on November 6. The tour will, in the main, comprise a series of one night stands and audiences will largely be made up of young people.

Playhouse, Nottingham

Rosencrantz and Guildenstern Are Dead

by B. A. YOUNG

Peter McEnery and John McEnery

"We do on stage things that are supposed to happen off," says the Player in Tom Stoppard's beguiling appendix to *Hamlet*. Now and then an actual scene from *Hamlet* is played, when it has the eponymous couple in it. Usually this is faithful to Shakespeare, but not always. Hamlet must *act* what Ophelia describes him doing when he came to her as she was sewing in her closet, and "To be or not to be" is done in mime. (A. A. Milne once proposed this but dismissed it as too hard. "The insolence of office and the spurns," he instanced, "would tax the most elastic face.")

Between the markers from Shakespeare, Mr. Stoppard fills in the lives of these attendant lords, sent for by the King as his nephew's best friends and callously sent to their death by the disillusioned Hamlet, in the intervals of swelling a progress, starting a scene or two, advising the prince.

Peter Wood—most welcome back in the theatre—directs this production with sympathy and style. Much of it is played on a square platform set at 45° in the middle of the stage, in the far corner of which a two-armed gibbet marks the dimensions of an imaginary chamber while colourful scenery is projected on to a broken-surfaced white backcloth. In the third act, the platform expands into the ship on which Hamlet is exiled to England and on which Rosencrantz and Guildenstern sail, still bewildered, to their doom. The costumes are Desmond Heeley's from the National.

Peter McEnery plays the comparatively positive Guildenstern and his brother John the querulous Rosencrantz (to be more certain of their indentities than they are themselves). They don't employ their consanguinity to do a Tweedledum-and Tweedledeeact, but they are beautifully at one as they bat the ping-pong dialogue at each other. There is also a performance by Robert Eddison as the Player that I can't imagine bettered for its grace and humour.

It's interesting to compare this play with Robert Montgomery's **Subject to Fits** at The Place. Both are young men's reactions to universally-known originals, and both require a pretty intimate knowledge of the originals for full enjoyment. The difference is that **Subject to Fits** seems to me to have nothing to say about Dostoevsky or about **The Idiot**, whereas **Rosencrantz and Guildenstern** is a fascinating commentary on the events of **Hamlet**. In **Subject to Fits** we see a series of virtuoso variations, but no development; in **Rosencrantz and Guildenstern** we're enabled to study the familiar principals from a new angle, and we go back to **Hamlet** refreshed.

SPORT: SOCCER... RUGBY... TENNIS

Brilliant Derby put Arsenal in the shade

BY TREVOR BAILEY

DERBY COUNTY gained promotion in 1968-69 with a cultured and well-above-average team so that it came as no real surprise that they were immediately able to establish themselves among the elite and are now seriously challenging for major honours.

Having suffered their first defeat this season from Manchester United the previous week they surged back on Saturday to beat Arsenal rather more convincingly than a two goals to one score line might suggest.

On four occasions the visitors were forced to clear off the line with Wilson beaten, and Derby created enough confusion in their opponets defence and sufficient scoring chances for themselves to have won in the manner their all-round superiority deserved.

It was difficult to believe this was the same Arsenal whose recent run of success had begun to suggest they could repeat their triumph of the previous season.

Their troubles started in midfield where George contributed little, except the odd unnecessary foul, and Kelly was so ineffective that the speedy recall of Storey appears essential.

The outcome was that their forwards were badly serviced and their back creaked ominously under pressure, with O'Hare repeatedly beating Roberts both in the air and on the ground.

The best football of the match came in the opening thirty minutes when Derby, prompted by the bubbling Gemmill, repeatedly cut their way through the Gunners' defence and eventually were awarded with a goal.

It was taken by O'Hare from a perfectly placed ground cross by Gemmill, who had overlapped down the left wing and, unlike so many who use this particular ploy, does possess a left foot.

Much against the run of play Arsenal equalised, when Graham headed home a corner, the outcome of their second genuine attack of the afternoon.

Just before half-time the clever, industrious Hector fell eloquently enough in the penalty area to convince the referee that a spot kick was warranted and Hinton, who had been unluckly with one powerful shot, duly scored from the spot.

For about 15 minutes in the second half Derby continued to tease and torment Arsenal, who were becoming so physical that one could be forgiven for wondering whether Mr. Hall, the man with the whistle, had ever received a copy of the new instructions to referees.

The result was that the home side either began to tire, or rather more probably began to be worried by the knowledge that one mistake could lead to Arsenal stealing an undeserved point, somthing which has occurred rather too often to them this season.

In an effort to equalise, the visitors transferred Graham, their one genuinely creative player, up front to join their twin centre forwards and proceeded to pump hopeful long balls down the middle, hardly the most imaginative move but it nearly worked.

In this period they showed a heart and determination which still counts in football.

Derby County are cleari good, talented team and with addition of perhaps one for and another Gemmill in mid might develop into a great With the present playing they will probably finish hig the First Division, but not at top.

Because they are suct capable footballing combina they are not helped by a pla surface which, even at this c paratively early stage, le much to be desired. This best illustrated with one rem able dribble by Hector wher had to cope with an erratic bouncing ball in addition to opposition.

Their expensive acquisit Colin Todd, had a quiet afterr because Arsenal mounted so attacks. His ball distribu was near perfection, being l accurate and intuitive.

As a result of McFarland's towards his left foot Todd p on his righthand side at ce back. His class is so obv that it can merely be a matte time before he becomes a reg member of the England team

At the moment for Derby fills the Bobby Moore spot. he is also a highly efficient back and I have a hunch could do a fine job for Engl in the role, once filled by No Stiles, as the defensive mem of the midfield trio.

In the closing stages the year-old Powell replaced injured Webster and the way immediately attempted a delic chip over the Arsenal back l showed a football brain anc maturity which surely indica an exciting future.

Welsh humbled as tempers flar

BY PETER ROBBINS

FRANCE B beat Wales B in Paris on Saturday by 30-9 and if the game began with a civilised entente it certainly ended with markedly less cordiality.

Both sides lost tempers from the moment in the second half when Martin the French prop went off to be replaced by Biescas. Both teams well deserved their aspirational "B" titles in the first half and the early part of the second, but the disgraceful scenes later were emphatically delta minus stuff.

Was it coincidence that four of the French pack were from Beziers who were involved in a distasteful final last May? Maybe, but the whole point of this particular fixture will be lost if this conduct is to be the norm.

A leading French writer, claiming that France's system of playing widely in Europe rather than using the squad system was a clear disadvantage, must have been agreeably surprised at the original way the French team played.

It is always astonishing that the French can appear to be passing standing still and yet only when the extra man is clear does one realise how they have made the ball do the work. A notion that we accept but do not actively pursue.

So it was in the first half that Laprade, the full back, came into the line inside Dubertrand on the right wing and that Lalubie on the left put in some fine running.

Yet it was not so much the French backs that did the damage but their big, fast lunging forwards, especially the back row of Saisset and Buonomo (both Beziers) and Boffelli. As Vaquerin and Martin were also from Beziers it was easy to see how France achieved a unity of purpose and expression. The pack was the centre of the effort but within it there was the hard core of the Beziers quartet.

Saisset was outstanding at the back of the line-out and in the open the legerdemain of Rossignol and Vaquerin was superb. Aguirre the scrum half followed carefully and used his position well except in the second half, when he over-kicked, much to the disgust of the crowd.

In all it was France's sheer athleticism that so unruffled Wales and made them look ponderous. Then again France destroyed Wales in 15 vivid minutes in the first half during which time they scored 21 points and effectively had the game sewn up.

The Welsh team differed immensely from the side that swamped Canada and the pack suffered most of all from lack of size and pace. Jones did some good second half jumping when in fact the Welsh pack revived itself and began to take the ball to the French rather than simply moving it away.

David was the most active of all, both in attack and defence, though Rees, the hooker, and Haines, the flank, made immense efforts against French attacks.

With such a struggle going on for bare parity it was no surprise that the backs could do little to assist. Further, th had faced up to a series of cri in tackling the French forwa peeling from the line out.

Davies the scrum half play bravely never shrinking fr the giving and taking of ha physical contact but not surpr ingly he was not complet accurate under the heavy pr sure.

Nevertheless Bergiers in t centre made several insi breaks and with Williams in t line the link with Davies cc stituted a real threat on the le wing. Unfortunately for Wal the French defence never look pregnable.

Goumondie dropped a go very quickly then after minutes Laprade kicked penalty and Dubertrand score a try, thanks to uncanny suppo by Boffelli and Buonom Laprade converted this b immediately Williams kicked penalty for Wales.

France's next score car when Aguirre charged dow Phillips's attempted clearanc and twisted in the air like leaping salmon to catch the ba and score. Laprade again co verted, as he did Aguire's secon try from the ruck. Befor Wiliams had kicked a secon penalty.

With the half-time score a 24-6 a rout was in view but ir stead of running, France bega to kick and then came the sicker ing physical interruption an the game was over. Rossigno scored the final French try, con verted by Laprade, and William kicked a third penalty.

Newcombe is Embassy favourite

BY JOHN BARRETT

THE WIMBLEDON champion John Newcombe, playing only his second tournament since he injured a knee during the doubles final of the U.S. Open early in September, is cast in the role of favourite for the £20,000 Embassy Championship which began at Wembley yesterday.

Opposing him at the bottom of the draw is the man he beat in the Wimbledon final, Stan Smith, currently serving in the U.S. Army, who himself went on to become the U.S. Open Champion.

Rod Laver, the holder of the title for the past two years, has already amassed more than $260,000 on the courts of the world this year and is seeded to meet Smith in the semi-final.

First, however, he will have to overcome the Yorkshire left-hander Roger Taylor, the man who beat him at Wimbledon last year and gave him most trouble at Wembley in 1969.

Laver has always found it difficult to play against fellow lefthanders—at the height of his dominance two years ago Tony Roche had the best win/lose record against him—and he will hardly relish the prospect of facing Taylor's formidable service on the ultra-fast Nygrass Carpet.

Ken Rosewall is expected to face Newcombe in the other semifinal and few who have witnessed his recent form will doubt that he is capable of reaching his place at the expense of the U.S. Open finalist Jan Kodes of Czechoslovakia.

After a three-week lay-off Rosewall reached the final of his first tournament in San Francisco and won the next in Vancouver to take himself into third place in the World Championship of Tennis standings before reacting to the long trans-Atlantic journey to meet early defeats in Cologne and Barcelona.

His purity of technique precise footwork, speed of reflex and intense competitive instinct keep him in the forefront of the game even at the age of 36, and if he runs into a confident streak Newcombe or anyone else will need to be at full throttle to beat him.

The quality of the men's draw is about as high as it could possibly be with only the Americans Cliff Richey and Arthur Ashe and the Dutchman Tom Okker of the world leaders absent.

This may prove to be an historic meeting. Due to the ban imposed by the ILTF on all contract professionals from January 1, it may well be some years before we see such a field assembled in Great Britain again, for there are no signs of a truce.

At least open tennis, which began in Britain in 1968 at Bournemouth, will go out in a blaze of glory.

The women's field, limited to 16 players, lacks the same quality in depth. With Margaret Court out of the game until next summer while she concentrates on family affairs the colourful aborigine girl Evonne Goolagong, who succeeded her as Wimbledon champion, becomes the official favourite.

Miss Goolagong, like Rosewall, has had a rest since the excitement of the summer and has returned to competition only two weeks ago at the Dewar Cup Tournament in Edinburgh, which she won.

The uncertainty of her form was exposed last week in Billingham, the second of the Dewar events, where the clever variety of the American Julie Heldman brought her down.

There is no doubt of Miss Goolagong's ability but it is based almost entirely upon her glorious natural instinct for the game so until that becomes match tight she may run into further trouble.

Her path to the final is barred by the French girl, Francoise Durr, whose unorthodox game has upset many players considered to be her superior, and she will doubtless be keen to add another Wimbledon's champion scalp to her present tally.

The second favourite is the aggressive American Billie-Jean King. Although probably past her best now, Mrs. King's instinct for the volley should draw rich dividends on such a fast court, so that a repeat of the Wimbledon semi-final where she lost to Miss Goolagong would make an intriguing final this week.

Her semi-final opponent should be another American, the highly gifted Rosemary Casals whose status as third seed cannot be questioned.

But so often is she her own worst enemy that even her opening match against Miss Heldman has some doubt about it. Again the fast surface will be on her side.

It seems a pity that greater consultation between the sponsors and organisers could not have resulted in a uniform surface for all the indoor events taking place in Britain this autumn.

The Dewar Cup is being played on Uni-turf which gives a slow, high bounce and produces long rallies altogether more interesting for the public. The players, too, would have appreciated the uniformity.

At the end of the week the British challenge in this year's Kings Cup competition takes a new-look team to Paris for a match against a seasoned French side.

It is unfortunate that a recurrence of knee trouble following a cartilage operation in June has prevented David Lloyd from taking his place beside Gerald Battrick, Stanley Matthews and John Paish.

His place will be taken by the young Essex player, Stephen Warboys who followed his selection with an untimely loss to one of his young rivals for honour in the British game John [illegible]er.

A copy of this Advertisement having attached thereto the documents specified below has been delivered to the Registrar of Companies for registration.

Advertisement is issued in compliance with the Regulations of the Council of The Stock Exchange, London, for the purpose of giving information to the Public with regard to the Company. The Directors collectively and individually accept full onsibility for the accuracy of the information given and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement in this Advertisement misleading.

Application has been made to the Council of The Stock Exchange, London, for permission to deal in and for quotation for the entire issued share capital of the Company.

VERNON FASHION GROUP LIMITED

(Incorporated in England under the Companies Act 1948)

SHARE CAPITAL

Authorised		Issued and to be issued fully paid
£200,000	Ordinary shares of 10p each	£150,000

At 15th October, 1971 the Company and its subsidiaries ("the Group") had outstanding bank overdrafts of £106,093 of which £81,417 is secured. Save as aforesaid, neither the Company nor any of its subsidiaries has outstanding any bank overdrafts, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities.

THIS ADVERTISEMENT IS ISSUED IN CONNECTION WITH A PLACING OF 630,000 ORDINARY SHARES OF 10p EACH AT 47p PER SHARE BY

STERNBERG, FLOWER & CO.

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MORRIS KLEINER, 7 The Grove, Edgware, Middlesex. (Financial Director.)
PHILIP HARRIS VERNON, 2 Chudleigh Road, London, N.W.6. (Merchandising Director.)

SECRETARY AND REGISTERED OFFICE

HAROLD GRANT, 86 Fore Street, Edmonton, London, N.18.

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NATIONAL WESTMINSTER BANK LIMITED, 1 Clifton Street, Blackpool, Lancs.
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THORNTON, LYNNE & LAWSON, 56 Portland Place, London, W1N 4BD.

AUDITORS AND REPORTING ACCOUNTANTS

GERALD EDELMAN & CO., 25 Harley Street, London, W1N 2BR (Chartered Accountants).

REGISTRARS AND TRANSFER OFFICE

BENTINCK REGISTRARS LIMITED, 124/126 The Grove, Stratford, London, E15 1NS.

HISTORY AND BUSINESS

The Company was incorporated in England on 9th January, 1953 under the name of Haver & Co. Limited and changed its name to Vernon Fashion Group Limited, on 7th September, 1971.

The business of the Group is the retailing of ladies' and girls' clothing. The retailing of ladies' clothing accounts for approximately 85 per cent. of the current sales turnover of the Group, and the retailing of girls' clothing accounts for the balance.

The early business of the Company was confined to ladies' lingerie and separates. The range was gradually extended to include all items of ladies' outer clothing, and in 1968 clothing for girls aged between 5 and 13 was added to the range. Where space allows, there are departments for girls' clothing in the Group's shops.

Immediately on its incorporation, the Company started trading at two retail shops in North London. The Group now operates 55 retail shops, 24 of which are in the North of England and 18 in the Midlands. The remainder are in London (2) the Home Counties (6) East Anglia (1) and Wales and the South West (4). Of the total number of shops now operating 33 trade under the name of "Marilyn," 19 under the name "Vernons" and three under the name "Charisse."

The sales turnover of the Group for the year ended 7th January, 1969 was £653,247 (ladies' clothing £637,406 and girls' clothing £15,841) and for the year ended 7th January, 1970 was £755,502 (ladies' clothing £693,849 and girls' clothing £61,653) and for the period of approximately 13 months to 31st January, 1971 was £1,149,177 (ladies' clothing £1,013,013 and girls' clothing £136,164).

A distinctive and successful feature of Group policy is the manufacture by the Group under sub-contract, from materials purchased by the Group and supplied to the sub-contractors, of approximately 70 per cent. of the Group's current requirements of finished clothing for resale, leaving only 30 per cent. of its requirements to be purchased from outside suppliers. This policy has evolved most satisfactorily over the last 12 years and, as a cost-reducing factor, has contributed substantially to the growth and profitability of the Group. The design of the clothing manufactured under sub-contract is controlled and supervised by the Merchandising Director, Mr. Philip Vernon.

All the finished goods manufactured for the Group or purchased from suppliers are for sale through the retail outlets of the Group. The Group does not rely on any one manufacturer or supplier for more than 10 per cent. of its requirements of finished goods, and has no contracts with manufacturers or suppliers for any stipulated quantity of goods over any fixed period. This reflects not only the expansion and diversification of the range of goods sold which has taken place over the years, but also a policy of maintaining maximum flexibility for the future.

The manufacture, purchase and distribution of all goods sold by the Group are centrally controlled and organised from the Head Office and central warehouse of the Group in London. The stock requirements of all Branches are notified to Head Office and the required stock is distributed to the Branches from the warehouse. There is at all times liaison between Head Office and the warehouse, and all orders to manufacturers and suppliers are placed by Head Office, so ensuring an efficient system of stock control.

MANAGEMENT AND STAFF

Sidney Marks, who is aged 63, has been associated with the Company as a principal shareholder and Director since May 1966 and was appointed Chairman in August 1971. He is also Chairman of M. Y. Dart Limited. He will serve as Chairman in a non-executive capacity.

Louis Vernon, who is aged 49, was a founder of the Company and has been its Chief Executive and principal shareholder since 1955. He was formally appointed Managing Director in August 1971.

Morris Kleiner, who is aged 35, joined the Company in 1962 and was appointed a Director in December 1968 and Financial Director in August 1971.

Philip Harris Vernon, who is aged 24, has had 7 years' experience in the ladies' and children's clothing trade and was appointed Merchandising Director in August 1971.

The Group has approximately 300 full-time employees and approximately 50 part-time employees.

WORKING CAPITAL

Having regard to the cash proceeds of the share issue mentioned in paragraph 3 of the Statutory and General Information appearing below and available bank facilities, the Directors are satisfied that the Group will have sufficient working capital for its present requirements.

PROFITS, PROSPECTS AND DIVIDENDS

The Report by Gerald Edelman & Co., which is set out below, shows the net assets of the Group at 31st January, 1971 and its trading record for the ten financial periods commencing 8th January, 1961. It will be seen that in the first five of those years there were certain fluctuations in the Group profit. It will also be seen that in the following two financial years ended 7th January, 1967 and 7th January, 1968 the Group incurred losses. These losses were incurred during a period of adverse trading conditions which were experienced generally throughout this trade and coincided with a period during which the Group incurred the expenses and dislocation of a reorganisation following the rapid expansion of the Group in the previous years. The Group was then well placed to achieve the satisfactory growth of profits which has taken place during the last three years culminating in the Group profit before ...

1. Profits

The profits of the Group for the nine years ended 7th January, 1970 and the period 8th January, 1970 to 31st January, 1971, arrived at on the basis stated below, were:—

Year/Period Ended	*Turnover* (1) £	*Depreciation and Amortisation* (2) £	*Directors' Emoluments* (3) £	*Profit/(Loss) before Taxation* (4) £
7th January, 1962	208,103	5,397	7,343	5,447
7th January, 1963	212,036	6,217	8,024	6,408
7th January, 1964	261,237	9,674	7,324	[illegible]
7th January, 1965	385,398	11,802	7,100	22,711
7th January, 1966	500,181	15,334	13,742	15,093
7th January, 1967	518,625	16,888	4,120	(8,178)
7th January, 1968	519,645	15,513	9,540	(3,141)
7th January, 1969	653,247	14,210	7,222	31,902
7th January, 1970	755,502	13,682	9,640	47,560
31st January, 1971	1,149,177	22,053	14,294	64,337

Notes

1. The profits (losses) in column (4) above are arrived at before charging taxation, but after charging all working expenses, including depreciation, amortisation and directors' emoluments, and after making such adjustments as we consider appropriate.

2. The profits of the period ended 31st January, 1971 include for the first time the profits derived from Charisse Fashions (Blackpool) Limited amounting to £10,371 before taxation.

3. Depreciation on Fixtures and Fittings and Motor Vehicles is provided at the rate of 12½ per cent. and 20 per cent. respectively on a reducing balance basis. Leases have been amortised over the unexpired portion of the lease from the date of acquisition by the Group with the exception of leases revalued in 1960 which have been amortised from date of revaluation. Building expenditure incurred on leasehold premises has been amortised over the period from the date it was incurred to the termination date of the relevant leases.

4. The emoluments of the present Directors of the Company charged in arriving at the profits for the period ended 31st January, 1971, amounted to £11,617. Under arrangements now in force Directors' emoluments would amount to £16,520 per annum.

5. Complete records of stock of the Group are not now available in respect of accounting dates up to and including 7th January, 1968. We are therefore unable to confirm the allocation of the profits of the Group, between the individual years up to 7th January, 1969. However, S. Davis & Co., members of the Association of British Accountants and Auditors, the auditors of the Group during these years, have confirmed that, at the time of their audits, detailed records of stocks were available to them and they were satisfied that such stocks were properly taken and valued on a consistent basis throughout the period.

2. Net Tangible Assets

The following is a statement of the net tangible assets of the Company, and the combined net tangible assets of the Group at 31st January, 1971, based on the audited balance sheets at that date:—

The Company £	The Company £		The Group £	The Group £
		FIXED ASSETS		
	175,993	Leasehold Premises and Building Improvements at cost and valuation	175,993	
	70,423	*Less:* Amortisation	70,423	
105,570				105,570
	93,147	Fixtures and Fittings at cost	114,333	
	44,071	*Less:* Depreciation	57,822	
49,076				56,511
	13,897	Motor Vehicles at cost	13,897	
	2,888	*Less:* Depreciation	2,888	
11,009				11,009
165,655				173,090
		SUBSIDIARY COMPANIES		
32,178		Shares at cost		—
(124,839)		Amounts due to Subsidiaries		—
72,994				173,090
		CURRENT ASSETS		
	249,793	Stock at the lower of cost and net realisable value	326,955	
	41,194	Debtors and Prepayments	42,936	
	5,661	Cash at Bank and in Hand	9,724	
	£296,654		£379,615	
		LESS: CURRENT LIABILITIES		
	23,520	Bank Overdrafts (Secured)	23,520	
	77,463	Creditors and Accrued Charges	256,290	
	15,456	Capital amounts outstanding under Hire Purchase Agreements	15,456	

On the same date there were allotted to the holders of the then existing 807,102 shares of 10p each, 538,068 new shares of 10p each (in the proportion of two new shares for every three existing shares then held) by way of capitalisation of £53,806.80.

On the same date, 154,830 shares of 10p each were allotted to Sternberg, Flower & Co. at the price of 46p per share totalling £71,221.80 payable to the Company. These shares are included in the Placing Agreement.

4. Directors' Interests

After the placing of 630,000 shares of 10p each the interests of the Directors (including their family interests as defined in the Regulations of the Council of The Stock Exchange, London) in the share capital of the Company will be as follows:—

	Beneficial	Other
Mr. S. Marks	137,500	Nil
Mr. L. Vernon	477,003	202,531
Mr. M. Kleiner	22,000	Nil
Mr. P. H. Vernon	Nil	Nil

Save as aforesaid, the Directors have not received any notices pursuant to Section 33 of the Companies Act 1967 that any person is interested in 10 per cent. or more of the issued share capital of the Company, and are not aware of any person being so interested.

No Director is entitled to or receives any commission or similar payments from any company in the Group pursuant to his service agreement or otherwise, and no Director is entitled to or participates in the profits of any of the trading activities of the Group. Mr. S. Marks as Chairman receives a fee of £1,000 per annum.

5. Material Contracts

The following contracts entered into by the Company during the course of the last two years are or may be material:—

(a) dated 9th December, 1969 between Mr. E. Singer and Mrs. D. T. Singer (1) and the Company (2) being an agreement whereunder the Company agreed to purchase the entire issued share capital of Charisse Fashions (Blackpool) Limited at a price of £32,000 payable in cash;

(b) dated 21st October, 1971 between the Company and Mr. L. Vernon being a Service Agreement whereby he agreed to serve the Company as its Managing Director for a period of seven years from 1st October, 1971 at a salary of £7,500 per annum;

(c) dated 21st October, 1971 between the Company and Mr. M. Kleiner being a Service Agreement ...

Japan curb on steel exports to U.K. confirmed

BY ELSBETH GANGUIN

MR. YOSHIHIRO INAYAMA, president of both Japan Iron and Steel Federation and Nippon Steel Corporation, confirmed at the week-end that the Japanese steel industry will curb steel exports to the U.K. and the EEC from next year.

Mr. Inayama made this statement on his return to Tokyo from Toronto where he attended the annual meeting of the International Iron and Steel Institute. Talks on the question of restricting shipments to the EEC and the U.K. were conducted by top officials of Japan's six major steel mills with their U.K. and EEC counterparts during the Toronto meeting.

Steel shipments from Japan to the U.K. more than tripled during the first six months of this year to nearly 105,000 metric tons. While there is a severe recession in the consumption of steel everywhere, Japan has a particularly high surplus of steel production. As a result, some U.K. buyers are understood to have been offered Japanese steel at 5 per cent. below U.K. prices.

The question is now to what tonnage, and particularly to what value, the Japanese will curb their exports to the U.K. next year. Under the voluntary restraint policy adopted towards exports to the U.S. three years ago, the restrictions in tonnage are said to have been observed, while higher value steels, like stainless steel, were in fact shipped, thus making up on the swings what was lost on the roundabouts.

As reported in the Financial Times on Saturday, the British Steel Corporation, concerned about fierce Japanese competition, is considering a plan to offer some leading U.K. stockholders a form of "loyalty rebate," equivalent to a 5 per cent. price cut, if they were to take a specified annual tonnage of flat stainless steel products from BSC sources.

INTERIM STATEMENTS

THE EVER READY COMPANY (GREAT BRITAIN) LIMITED

HALF-YEAR RESULTS

The unaudited profits of the Group for the six months ended 28th August 1971 are as follows:

	1971 Period to 28th August (£000's)	1970 Period to 29th August (£000's)	1971 52 weeks to 27th February (£000's)
Group Trading Profit	3,190	2,838	7,736
Interest	371	387	791
Group Profit before Taxation	2,819	2,451	6,945
Taxation	1,188	1,010	2,958
Group Profit after Taxation	1,631	1,441	3,987
Profit attributable to Minority Interests	211	338	604
Profit attributable to Parent Company Shareholders	1,420	1,103	3,383

The Directors have declared Interim Dividends in respect of the year ended 26th February 1972 as follows:

Preference Shares: Amount per share 5p gross (same) less Income Tax.
Amount absorbed £10,000.

Ordinary Shares: Amount per share 1.5p gross (same) less Income Tax.
Amount absorbed £505,201.

The Dividends will be paid on 6th December, 1971 to Members appearing on the Register on 1st November, 1971.

Transfers received up to and including 1st November, 1971 will be registered in time for the Transferees to receive the Dividend.

Group sales to third parties for the period ended 28th August, 1971 showed an increase in value of 18% over the same period last year.

Operations in the Engineering Division have improved but lack of Capital Investment by British industry gives some cause for concern for our future order book in this division.

Our overseas manufacturing companies continue to operate satisfactorily.

THE EVER READY COMPANY (GREAT BRITAIN) LIMITED
L. W. ORCHARD,
CHAIRMAN.

MORRIS & DAVID JONES LIMITED

INTERIM REPORT

The Directors of Morris & David Jones Ltd. announce the unaudited group profits of the Company and its subsidiaries for the 24 weeks ended 19th June 1971 are as follows:—

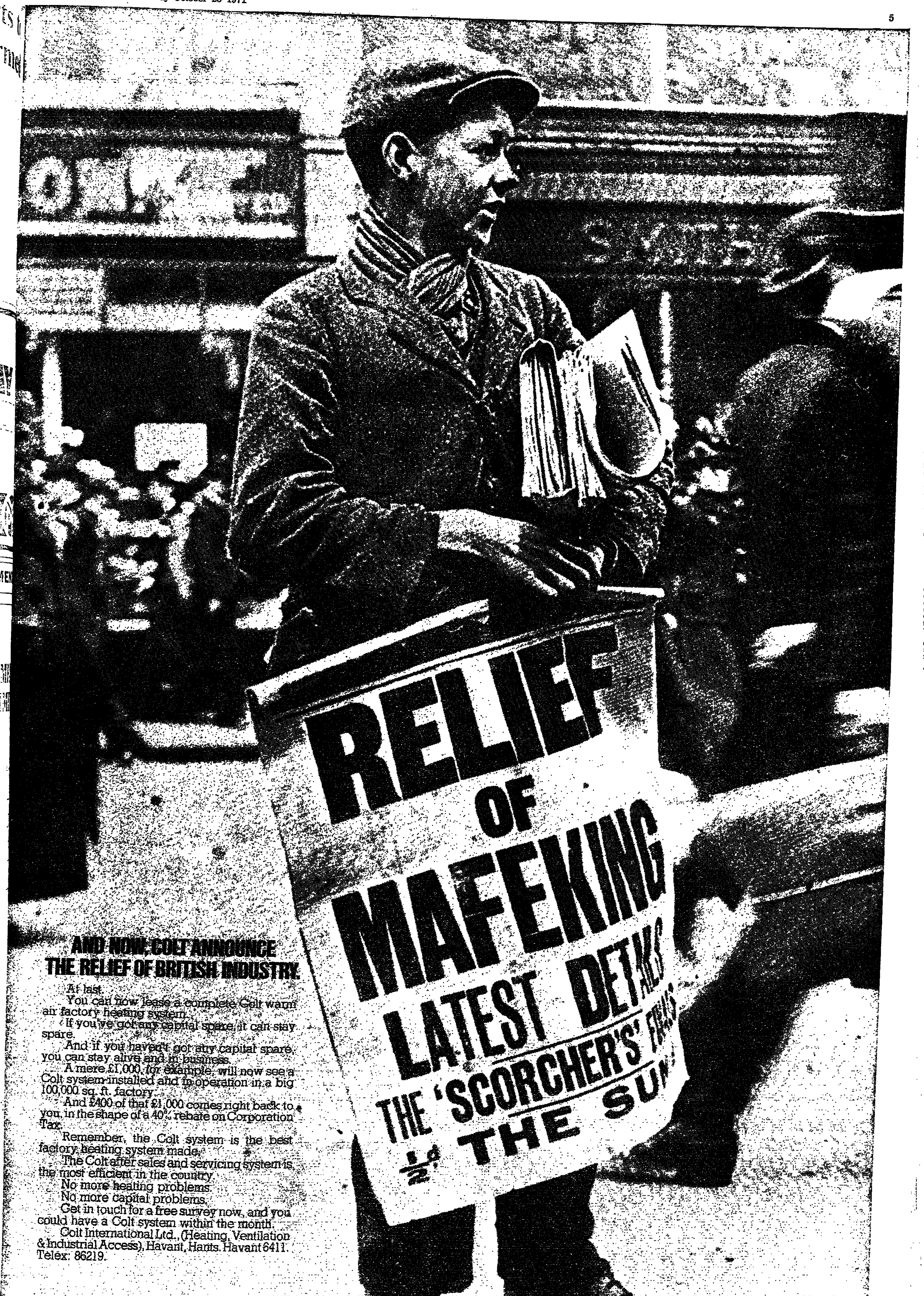
	24 weeks ended 19 June 1971 £	24 weeks ended 20 June 1970 £	Year ended 31 December 1970 £
Total Sales	21,600,000	19,782,000	43,500,000
Trading Profit	463,000	406,000	878,000
Estimated Taxation	194,000	184,000	377,000
Profit after Taxation	£269,000	£222,000	£501,000

It is anticipated that the Trading Profit for the year will be in excess of £900,000.

INTERIM ORDINARY DIVIDEND

An interim ordinary dividend of 1.875 pence (1.125p) less Income Tax for the year ending 31st December 1971 will be paid on the ordinary shares on 1st December 1971 to the holders on the register at close of business on 15th November 1971.

In accordance with the Chairman's Annual Statement this represents one third of the total dividend paid last year but does not necessarily indicate the level of the final dividend.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You can now lease a complete Colt warm air factory heating system.
If you've got any capital spare, it can stay spare.
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And £400 of that £1,000 comes right back to you, in the shape of a 40% rebate on Corporation Tax.
Remember, the Colt system is the best factory heating system made.
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No more capital problems.
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Colt International Ltd., (Heating, Ventilation & Industrial Access), Havant, Hants. Havant 6411. Telex: 86219.

FT INDEX OF GROCERY PRICES

Big fall for the time of the year

BY ELINOR GOODMAN

A SEASONAL reduction in the price of fruit and vegetables led to a susbtantial fall for the time of year in the Financial Times Grocery Index this month. Compared to a drop of 0.36 points for the same period last year, the index fell this month by 0.91 point to 104.35.

Tomatoes fell by around 1p per pound and lettuces were down by as much as 4p each on last month. Apples, as one would expect at this time of year, were good value, with several of our shoppers finding really good eating apples at 5p a pound. Grapes were also reported to be good value.

Dairy produce showed a slight increase, largely accounted for by yet more rises in the price of butter. Eggs, on the other hand, were good value in nearly all shops, though the prices of large eggs showed amazing variations, from 20p to 30p a dozen.

Otherwise, prices in most categories of food were, as forecast, gratifyingly stable. Increases reported by shoppers were generally the result of products returning to normal prices after a period of being offered at special cut prices. This month, too, there were many special offers across the board which, together with the £3 drop in our fruit and vegetable bill, led to the fall in the index.

By mid-November, when Christmas shopping stimulates demand in all shops, prices should be on the turn again before beginning the winter climb.

Total of 11 Shopping Areas

	October £ p	September £ p
DAIRY PRODUCE, FATS, EGGS, ETC.	66.96	66.69
SUGAR, TEA COFFEE AND SOFT DRINKS	26.23	27.13
BREAD, FLOUR, CEREALS, BISCUITS AND CAKES	34.94	34.85
PRESERVES AND DRY GROCERIES	10.76	10.67
SAUCES AND PICKLES	6.24	6.12
CANNED FOODS	21.42	21.06
FROZEN FOODS	17.19	17.21
FISH, MEAT, BACON, ETC. (FRESH)	68.19	67.96
FRUIT AND VEGETABLES	30.96	33.93
NON-FOODS	25.51	25.49
	308.40	311.11

OLD INDEX
1964: Nov. 100; Dec. 102.35.
1965: Jan. 101.41; Feb. 102.23; Mar. 102.58; April 103.16; May 103.70; June 105.28; July 105.88; Aug. 105.31; Sept. 103.66; Oct. 103.13; Nov. 103.95; Dec. 105.93.
1966: Jan. 105.80; Feb. 104.66; Mar. 105.39; April 106.78; May 108.21; June 109.90; July 109.34; Aug. 108.47; Sept. 107.74; Oct. 106.81; Nov. 107.47; Dec. 108.16.
1967: Jan. 108.85; Feb. 108.20; Mar. 107.66; April 108.20; May 109.75; June 113.96; July 110.45; Aug. 107.25; Sept. 106.18; Oct. 106.66; Nov. 107.58; Dec. 111.67.
1968: Jan. 112.91; Feb. 112.12; Mar. 111.75; April 112.10; May 112.68; June 114.75; July 112.20; Aug. 112.09; Sept. 111.12; Oct. 111.47; Nov. 112.06; Dec. 114.49.
1969: Jan. 114.80; Feb. 116.70; Mar. 117.67; April 118.31; May 120.57; June 122,92; July 121.59; Aug. 118.79; Sept. 117.48; Oct. 118.14; Nov. 118.83; Dec. 121.23.
1970: Jan. 122.04; Feb. 123.05; Mar. 123.70; April 125.82; May 126.32; June 129.76; July 129.42; Aug. 127.02; Sept. 127.03; Oct. 126.67; Nov. 127.68; Dec. 128.5.
1971: Jan. 131.23.
NEW INDEX:
1971: Feb. 100; Mar. 101.09; April 102.73; May 105.75; June 108.00; July 107.24; Aug. 105.40; Sept. 105.26; Oct. 104.35.

List of components of our Shopping Basket free on request.

Finance limit to farm training

BY ELSBETH GANGUIN

FARM training plans laid by the Industrial Training Board have matured to the stage that the industry's demand for systematic training is exceeding the Agricultural, Horticultural and Forestry Industry Training Board's financial resources to meet it, stresses the chairman, Mr. George Huckle, in a booklet published in conjunction with the Board's annual report.

Finance available was limiting training to New Entrant Training Scheme level to only 12 per cent. of the current annual intake of the industry's recruits.

The annual report itself states that the main feature of the year ended last March had been the "marked growth of interest" in training and increased demand for the services of the Board's field staff.

"In the livestock sector the release of staff on the farm and the provision of realistic facilities have long been recognised as the key problems in the development of practical training." But here, too, "an increase in training activity indicates that some of the difficulties are being overcome and the industry is now showing a growing interest in training which staff effort has been re-directed to meet."

A greater demand was coming for mechanisation training in crop production than from other enterprise sectors, it is reported.

During the year, 237 schemes of training at the place of work were set up, bringing training to 5,100 employees. Forty-eight training groups were in existence at the end of the review year, involving 4,190 employees.

Over 2,650 short courses had been run by, or in association with the Board, against only 1,653 a year earlier. Over 10,000 advisory visits were made to employers, and 270 detailed training needs assessments were completed. The advisory staff was also involved in 134 surveys leading to the identification of training needs, while attending to apprentices entailed 5,300 visits by the Board's field staff.

Reference is made to the "improvement in the training climate which has come about during the past year as evidenced by the increasing demand being made on the Board's services and a growing awareness in the industry of the benefits which can be obtained from improved training. The streamlining of the administration and the quieter political atmosphere in which the Board has been able to operate will, it is hoped, increasingly enable available resources to be concentrated in future on the main task in hand of meeting the industry's training needs."

Training grant "uptake" had been 50 per cent. higher during the year. Total grant payments of £597,224 were up by £195,038 on the previous year.

The booklet, "... Not just courses," which goes into considerable detail about the industry's training needs and how the Board is trying to fulfil those needs, can be had from the ITB, Bourne House, 32-34 Beckenham Road, Beckenham, Kent. The annual report for the year ended March 31, 1971 costs 22½p from the Stationery Office.

Humber ports trade down

BY OUR OWN CORRESPONDENT

HULL, Oct. 24.

A FURTHER DECLINE in the trade of the Humber ports is revealed in the latest figures issued by the British Transport Docks Board. For the five weeks ended September 26 inward traffic was 1,191,046 tons, compared with 2,001,088 tons for the corresponding period of 1970, and for the aggregate 39 weeks of this year inward traffic was 12,605,683 tons, against 15,330,739 tons for the 39 weeks of 1970.

Outward traffic for the five weeks ended September 26 showed a particularly steep decline—596,108 tons, compared with 1,029,244 tons for the corresponding period last year and for the aggregate 39 weeks of this year outward traffic totalled only 5,616,769 tons, compared with 9,192,352 tons for the corresponding period of 1970.

هكذا عند الأصل

Overseas News

Italy again to postpone VAT move

By Peter Tumiati

ROME, Oct. 24.

THE ITALIAN Government has decided to postpone not only the introduction of Value Added Tax, but also of reforms of the entire tax system. Both VAT and the reforms were to have come into effect on January 1 next year.

The introduction of VAT to replace the present IGE turnover tax is a Common Market undertaking Italy has already defaulted on once. This time an Under Secretary is being sent to Brussels to explain to the Commission that the postponement is due to Italy's economic situation. It is said that the introduction of VAT at this time could cause distortions which could not be risked with the general state of the Italian economy being what it is. A postponement of only six months has been adopted following talks with the Commission. It is reported that the Commission has undertaken not to raise objections, on condition that the delay is only for this fairly brief period. Italy fears that, as happened in other countries, VAT could cause a sudden upswing in prices.

But while VAT has been postponed only to July 1, overall fiscal reform is being put back by a whole year, to January 1, 1973. The fiscal reform programme was to have been one of the few concrete accomplishments of Signor Emilio Colombo's Government. It is designed to simplify the present chaotic system under which Italian taxpayers are required to pay three different income-based taxes with a single personal tax.

The Finance Minister, Signor Luigi Preti, has stated that sales on investments made in the first half of next year will pay the IGE turnover tax. However, should the amount paid be higher than that which would have been required under the VAT system, the balance will be credited to the taxpayer on his subsequent VAT commitments. The imminence of more favourable terms under the VAT system is believed to have contributed to the slow-down of investment in Italy.

EFTA EXPORTS UP

GENEVA, Oct. 24.

EXPORTS of the European Free Trade Association rose by some [illegible].4 per cent. in August, compared with the same monthly rate for last year. But the figures are inflated by a 58 per cent. rise in British exports, because of the sharp reduction in export shipments for August, 1970, caused by the dock strike then. Exports of the other eight EFTA countries advanced by [illegible] per cent. And the monthly total for the whole of EFTA was [illegible]84.8m. Imports climbed by [illegible] per cent. to $4,067.8m.

Also reflecting last year's U.K. dock strike, exports to the U.S. amounted to $436.3m. this August—a climb of 70.6 per cent. over August 1970. Imports from the U.S. dropped by 8.9 per cent. in the same month.

Mrs. Gandhi to seek help over refugee burden

BY OUR OWN CORRESPONDENT

NEW DELHI, Oct. 24.

INDIA's Prime Minister Mrs. Indira Gandhi left here this morning on a three-week tour of Western capitals which will take her to Brussels, Vienna, Washington, London, Bonn and Paris—but it was agreed that the tour would be cut short if Indo-Pakistan relations reached breaking-point.

Last-minute hesitations on whether Mrs. Gandhi should carry through with tour plans were overcome when the political affairs committee of the Cabinet met in emergency session to examine the war threat and took a series of precautionary measures. These included a warning to Pakistan that India would retaliate with full force should Pakistan attack.

Preparations for war, including concentration of troops on both East and West borders and civil defence measures, have been completed and there is a crisis atmosphere in the country.

Mrs. Gandhi has already rejected both moves for talks with President Yahya Khan of Pakistan and the idea of third party mediation on the grounds that there is no Indo-Pakistan dispute. The solution, in her view, lies in bring pressure on President Yahya to bring about a political settlement in East Pakistan which is acceptable to its elected representatives.

This would ease the burden on India of maintaining nearly 10m. refugees from Pakistan—which is the major reason why Mrs. Gandhi did not cancel her foreign tour plans in spite of the war danger. She hopes to persuade Western leaders to use their influence with President Yahya and Pakistan to agree to a political settlement in East Pakistan.

Also high on her list of priorities is the question of the financial burden of the refugees which the Indian Government feels the international community must share.

To show that India was doing more than its bit the government raised R700m. (nearly £40m.) in new taxes by ordnance over the week-end. But this is sufficient to maintain refugees for less than three weeks and touches only the fringe of the problem of vast and growing deficit India is facing. This has already reached staggering figures of Rs3,500m. and will be double by the time the financial year ends next March unless other countries contribute funds.

● Our Foreign Staff adds: Mrs. Gandhi arrived in Brussels on Sunday night, the first stop of her three-week tour. At a brief stopover in Beirut Mrs. Gandhi denied that India would take the question of relations with Pakistan to the United Nations Security Council.

In Pakistan President Yahya in a United Nations Day message attacks nations whose non-observance of U.N. principles posed a threat to world peace.

The Pakistan political leader Mr. Z. A. Bhutto left Karachi yesterday for a visit to Cairo. There was speculation that his People's Party would withdraw from by-elections in East Pakistan for seats declared vacant after the Awami League was outlawed.

Fighting 'nearer than you think'

BY OUR OWN CORRESPONDENT

CAIRO, Oct. 24.

EGYPT's War Minister, General Mohammed Sadek, told air defence units on the Suez Canal front that the U.S. was asking Egypt to come to terms with Israel and to relinquish part of its (occupied) territory. But, he added: "A curse will fall on anyone who shrinks from his duty or gives up his own land."

Special significance is attached to General Sadek's statement in the light of recent reports and speculation that the Egyptian Government had agreed to the U.S. acting as middleman in an attempt to re-open negotiations on an interim peace settlement.

The Minister's remarks to the front-line troops were reported to-day in a front-page banner story in the authoritative Al Ahram. The report did not say when the General visited the front but it is clearly in the past few days since his return from Moscow.

General Sadek said he had found "our Soviet friends" willing and determined to help Egypt. Al Akhbar reported that the military team which accompanied General Sadek to Moscow on October 7 returned to Cairo yesterday after "completing discussions on some aspects of the military talks.

The War Minister told the troops that resumption of fighting was "nearer than you imagine," according to the Al Ahram report. He told the men that Egypt would not wait until it became another Rhodesia but would wrest back its rights with her own hands.

The 1967 defeat was not due to the lack of efficiency in the Egyptian soldier, he said, but to command errors and miscalculations. The order to retreat during the June war was unjustified, General Sadek said. In the forthcoming battle, Egypt would put the record right for the whole world to see.

Former War Minister, General Mohamed Fawzi, goes on trial to-morrow on charges of attempting to use army units to bring down the regime of President Sadat in May. General Fawz's trial follows that of former Vice-President Ali Sabri and 89 other defendants on similar charges of treason.

Nixon optimistic on SALT

BY GUY DE JONQUIERES

WASHINGTON, Oct. 24.

PRESIDENT NIXON said to-night that the U.S. and the Soviet Union had made significant progress and "several substantive agreements" at the Strategic Arms Limitations Talks and that there was now a better chance of building a durable peace than at any time this century. However, he also warned that his forthcoming visits to Moscow and Peking should be viewed in a realistic light and should not give rise to any false expectations.

The President's assessment of SALT is the most optimistic yet to emerge from the U.S. Administration and reinforces the expectation that he will sign an initial agreement limiting the nuclear arms build-up when he goes to Moscow next May.

The President also pointed to the preliminary agreement on Berlin, the ratification of the non-proliferation treaty, the renunciation of biological weapons and the ban on the installation of nuclear arms on the seabed.

"On this Veterans' Day 1971 we have a greater opportunity to build a lasting peace than at any time this century. We have before us the best chance in this century to make the present generation of American war veterans the last," he said.

Third World will press rich nations for a better deal

BY OUR OWN CORRESPONDENT

LIMA, Oct. 24.

THE THIRD WORLD'S caucus, the group of 77, now numbering 95 with the late addition of Cuba, gets underway this week in Lima. The representatives of virtually all of the world's underdeveloped countries are attempting to arrive at a series of common fronts against the industrialised northern hemisphere.

The conference takes place with many of the underdeveloped countries prepared to do more than just complain about being permanently at the wrong end of industrial and commercial deals and ask for handouts of foreign aid.

As further evidence of their determination, prior to the conference meetings have been held in Addis Ababa, Bangkok and Lima so that each regional block could come to a common agreement on what line to take.

International action

A general idea of what to expect can be gleaned from the "agreement of Lima" representing the result of the Latin American countries deliberations.

This document says that the results of the first development decade (the 1960s) were disappointing and that the United Nations object of promoting economic progress and the dignity of the human are "threatened by inherent contradictions in the present structure of international economic relations which are not appropriate for the necessities of the world to-day."

Noting that the share in world trade of the under-developed world has dropped in the decade from 27 to 17 per cent. the agreement says: "New formulas" have to be found which needs "international action."

Both sides optimistic about UN China vote

By Our Own Correspondent

UNITED NATIONS, Oct. 24.

ON THE EVE of the UN General Assembly vote on the admission of China, both sides are claiming they will win. The crucial question is whether to require a two-thirds majority for the expulsion of the Taiwan delegation. The U.S. which is the leading sponsor of that proposal, predicts a margin of one in its favour.

Albania and the other advocates of the seating of Peking as the sole representative of China, and of Taiwan's ousting, continue to claim the U.S. side will be defeated by up to three votes. It is generally assumed that there is insufficient support for a two-thirds majority for the substantive resolution on expulsion. In that case it is likely Peking would not enter the UN, though invited to do so.

There were hopes that the 130-nation assembly (one member, the Maldive Islands, still has not put in an appearance) would be able to vote to-morrow morning. But the interruption of the China debate twice on Thursday and once again on Friday while delegates argued angrily about the shooting incident at the Soviet mission and threats to Arab missions, has upset the schedule.

U.S. delegates still insist that China's repeatedly stated refusal to enter the UN unless Taiwan is expelled is not necessarily the final word. They also continue to be hopeful that their own "dual representation" resolution, to seat both China and Taiwan, will carry

The Albanian strategy is expected to be to call for a two-thirds majority for the U.S. resolution if its own substantive proposals are defeated. In that event, the assembly could wind up without any agreed resolution. Members then would have to decide whether to revive the whole question under an American item, lower in the agenda, on "the representation of China in the UN."

The current debate, which began last Monday and in which 72 speakers have been heard so far, is under the heading of the Albanian priority item on "the restoration of the lawful rights of the People's Republic of China in the UN."

Israel's second oil refinery

By Our Own Correspondent

HAIFA, Oct. 24.

ISRAEL'S second oil refinery, at Ashdod, will go on stream in 1973 with an initial capacity of 3.5m. tons which will rise to 4.2m. tons the year after.

By then Israel's own oil consumption will have risen from the present 6m. tons a year to 7.25m. tons, according to Mr. Avigdor Bartel, general manager of the Haifa refineries.

The Haifa plant, at present the country's only refinery, has a capacity of 6m. tons which is almost entirely taken up by the home market, leaving little for export. The advantage of building a new refinery at Ashdod (at a cost of close to £20m.) rather than expanding the Haifa facilities lies in the fact that Ashdod is nearer the main centres of consumption.

THE BREZHNEV-POMPIDOU TALKS

Undramatic détente

BY ROBERT MAUTHNER, PARIS CORRESPONDENT

MR. LEONID BREZHNEV, the Soviet Communist Party First Secretary, whose taste for foreign travel has increased in direct proportion to that of President Nixon, takes his first plunge into the Western world to-day when he arrives in Paris for a five-day official visit.

Only a year ago, such an event would have been considered of outstanding international importance. But, as the French themselves ruefully admit, it has now been largely eclipsed by both the American President's dramatic initiatives to visit Peking and Moscow next year and the prominence given to the West Germans in Russia's campaign to improve East-West relations.

A great deal of water has passed under the bridge since General de Gaulle, in June, 1966, shook the Western Alliance to its foundations with his triumphal visit to Moscow, the main purpose of which was to underline France's complete independence from the U.S. No doubt, the France of President Pompidou remains faithful to the General's basic philosophy, but it no longer has any pretensions of setting itself up as the leader of the Western world or even of assuming the exclusive leadership of Western Europe.

One of the first tasks which M. Pompidou set himself after being elected President in 1969 was to mend France's fences with the U.S. and, while continuing to express enthusiasm for an East-West détente, he has made it clear that France's main loyalties lie in the West, particularly in Western Europe. Indeed, he went out of his way to underline this point at an official dinner given in his honour in the Kremlin on the occasion of his visit to the Soviet Union in October, 1970.

Mr. Leonid I. Brezhnev

The French authorities are reported to have drafted into Paris over the week-end a strong force of provincial police to strengthen security during Mr. Brezhnev's visit. Up to 30 companies of special riot police and 15 companies of Gendarmes are believed to be supplementing the existing Paris police contingent. Also, the French Ministry of the Interior has ordered 58 people, un-named but thought to be East European emigrés, to be flown from Paris to Corsica for the duration of the visit.

Special treaty

It is therefore most unlikely that Mr. Brezhnev's return visit to France—he is due to have four separate meetings with M. Pompidou, two of them "tête-a-tête"—will lead to any dramatic new developments. Even if France agrees to sign a special treaty with the Soviet Union, for which Mr. Brezhnev is reported to be bringing a blueprint, it will hardly have the symbolic significance of the one between Bonn and Moscow, which still remains to be ratified pending a final agreement on Berlin. The Soviet-German treaty set the seal on the reconciliation of the two arch-enemies, whereas Franco-Soviet relations have been good ever since the day of General de Gaulle, except for a short interval at the time of the invasion of Czechoslovakia, and a friendship treaty would not make much difference in practice.

On a practical level, the regular exchange of Foreign Ministers visits provided for by the protocol signed in Moscow during M. Pompidou's visit last year, have already taken political consultations quite a long way, while economic, scientific and technological relations have been institutionalised by the setting up as long ago as 1966 of a joint grand commission, which meets every six months at ministerial level in Paris and Moscow.

This is not to say, however, that the Soviet leaders' visit to France will be a pure formality devoid of any real meaning. If the Russians are intent on demonstrating to their hosts that, in spite of the priority they have given recently to improving their relations with the U.S. and West Germany, they have not forgotten their old friends in the West, the French are equally anxious not to leave all the East-West initiatives to others, particularly the West Germans.

There has been a great deal of comment in France recently, most of it not particularly well informed, about the dangers of a resurgence of German nationalism. Fuel has been added to the latent anti-German sentiments every Frenchman holds by reports that Bonn has failed to consult Paris properly on Herr Brandt's Ostpolitik and that it was given virtually no advance notice of the West German Chancellor's recent talks with Mr. Brezhnev in the Crimea. What the French consider to be Bonn's "go-it-alone" policy in international monetary affairs has merely served to confirm the widespread conviction that the Germans, yet again, are in the process of taking the law into their own hands.

In fairness, it should be said that President Pompidou himself has gone out of his way to express support publicly for Herr Brandt's Eastern policy, notably at his last Press conference in September, and to point out that the Chancellor was doing no more than had always been advocated by France. Nevertheless, he could not resist the temptation of making a barbed allusion to the absence of consultation which should normally have taken place under the terms of the Franco-German treaty. Indeed there can be little doubt that, even at the highest level, there is a feeling of unease, that France is rapidly being relegated to a secondary position as a result not only of Germany's economic might, but its increased stature on the international political stage.

For the French, therefore, the Brezhnev visit comes at an opportune time because it can be used to demonstrate that France still occupies a strategic position on the East-West chessboard. The final communiqué will doubtless indicate that on most international issues, ranging from the proposed European security conference to Vietnam and the Middle East, there is a large measure of agreement between the two countries, and thus underline France's mediating role between the two blocs.

A trade plus

The hope here is that the visit will also pay off in commercial terms. French trade with the Soviet Union has risen by leaps and bounds over the past few years and the aim of a joint five-year programme drawn up in 1969 is that it should double by 1974. However, while until recently there was a large surplus in favour of France, this year has seen a reversal of the trend and the trade balance is now almost in equilibrium. During the first eight months of this year France's exports to the Soviet Union amounted to Frs.965m. (£70m.) marginally less than during the same period last year, while Soviet exports to France rose by as much as 28 per cent. to Frs.904m.

As in the case of other Western countries which trade with the Soviet Union, France has found it one thing to agree in principle on joint projects and quite another to put them into effect. The extent and nature of Renault's participation in the notorious Kama River lorry plant has still not been settled, and other ventures in the Soviet Union, such as the joint exploitation of nickel mines in the South Urals and a copper mine at Udokan in Siberia are also marking time.

Nor have happier results been achieved in the other direction. The Russians have failed to win an order, in spite of pressure by the French Government, for heavy machinery to equip a steel plant at Fos, the new industrial complex being built near Marseilles. And a planned deal with Elf-ERAP for the joint construction of an oil-refinery has also run into the sands. If nothing else, the Brezhnev visit should at least result in some of these projects seeing the light of day.

IN BRIEF

● UGANDA has warned Tanzania that its forces would destroy without warning any army or guerilla units within a 90 square mile area of Tanzania territory south of the Ugandan border. A Ugandan military spokesman claimed that mobilisation was reported among Tanzanian troops.

● CUBAN Prime Minister is not seriously ill in hospital near Havana with a chest ailment, said usually well-informed Havana medical sources who discounted a British Press report to that effect.

● PEKING: Dr. Henry Kissinger's mission to lay the groundwork for President Nixon's visit is apparently staying in Peking longer than was anticipated. The Presidential Boeing 707 airliner which brought the party here on Wednesday was still at Peking's international airport yesterday, although it had been thought here that Dr. Kissinger would leave over the week-end.

● WEST BERLIN may be linked to Eastern Europe's "friendship pipeline" if Western oil companies agree to build a refinery in West Berlin and process Soviet crude oil. Dr. Karl Koenig, Economy Councillor in the City Government who conceived the idea, says the Russians have already reacted positively to it.

Businessman's Diary

Handling systems at Earls Court

WITH just over 6 months to go 250 exhibitors have booked space at the International Mechanical Handling Exhibition and the ground floor is "virtually sold out." The final number of participants is expected to be 350.

So far the fork lift truck sector is leading in terms of space taken but storage and distribution systems come a close second and conveying mechanisms will also be well displayed.

The object of the biennial show, to be at Earls Court, London, from May 9-19, is to demonstrate the choice of money-saving methods and machines available to every industry. The last event attracted 80,000 visitors.

Marketing shows agreement

AS a result of discussions between the British Premium Manufacturers' Association and the organisers of the Incentive Marketing Exhibition, the Maclaren Group, the Association will not hold its show proposed for next April.

But BPMA will organise a one-day seminar at the time of IME which will run from April 10-13. Maclaren is to provide the Association with facilities for the seminar at New Horticultural Hall, Westminster, and a stand at the show.

Swimming pools in Switzerland

EQUIPMENT and services for large-scale communal catering, hotels, restaurants and swimming pools will be on display in the halls of the Swiss Industries Fair, Basle, from November 17-23.

The event is divided into ten fields: food and drink, large-scale kitchens, food service and dining rooms, hotel rooms and premises, technical installations, cleaning, laundry, management, planning and architecture. In this way all branches of catering and accommodation will be covered.

Technical conferences to be held at the same time will be devoted to deep-freezing and "convenience foods" and there is also to be a three-day meeting on all aspects of the construction of indoor and outdoor swimming pools.

U.K. TRADE FAIRS AND EXHIBITIONS

Date	Title	Venue
Current	International Motor Show (cl. Oct. 30)	Earls Court
To-day	International Safety Exhibition (cl. Oct. 28)	Olympia
To-day	Intnl. Research & Development Exbn. (cl. Oct. 28)	Olympia
To-day	Greater Peterborough Devpt. Exbn. (cl. Oct. 29)	Royal Lancaster Hotel, W.
To-day	International Audio Fair (cl. Oct. 30)	Olympia
Oct. 26—27	Bookmakers' Show	Kensington Close Hotel, W.
Oct. 26—29	Northern Contract Interiors Exhibition	Queens Hall, Leeds
Oct. 31—Nov. 3	Israel Fashion Week	Bloomsbury Centre Htl., W.C.
Nov. 1—5	Research and Clinical Laboratory Equipment Exbn.	U.S. Trade Center, S.W.
Nov. 2—4	Welsh Packaging and Plastics Show	Sophia Gardens, Cardiff
Nov. 4—19	Careers '71 Exhibition	Bingley Hall, Birmingham
Nov. 9—11	Pharmaceuticals, Toiletries and Cosmetics Exbn.	Old and New Hortic. Halls
Nov. 10—13	Annual Southport Antiques Fair	Cambridge Hall, Southport
Nov. 10—20	International Caravan and Camping Show	Earls Court
Nov. 14—18	Intnl. Domestic and Commercial Textiles Exbn.	Mnt. Royal & Mostyn Htls., W.
Nov. 15—17	Leisure and Outdoor Furniture Exhibition	Royal Lancaster Hotel, W.
Nov. 15—19	National Low Cost Automation Exhibition	Belle Vue, Manchester
Nov. 16—18	Italian Fabrics Exhibition	Italian Trade Centre
Nov. 17—27	International Building Exhibition	Olympia
Nov. 21—24	Camping Trade Exhibition	Exhibition Centre, Harrogate

OVERSEAS TRADE FAIRS AND EXHIBITIONS

Date	Title	Venue
Current	Intnl. Exbn. of Hospital Medic. Equip. (cl. Oct. 28)	Brussels
Oct. 25—31	International Office Machinery and Equipment Ex.	Milan
Oct. 28—30	Canadian Education Showplace	Toronto
Oct. 29—Nov. 3	International Aerospace Show	Nagoya, Japan
Oct. 30—Nov. 15	International Household Fair	Charleroi, Belgium
Nov. 3—5	European Fashion Fair	New York
Nov. 3—14	International Motor Show	Turin
Nov. 6—9	Clothing Textiles Trade Fair	Milan
Nov. 6—14	International Caravan and Winter Sports Show	Brussels
Nov. 8—13	International Furniture Fair	Utrecht
Nov. 9—13	Intnl. Shipbuilding, Marine & Port Equip. Exbn.	Amsterdam
Nov. 11—17	International Book Fair	Belgrade
Nov. 13—21	International Bathroom Show	Stockholm
Nov. 14—19	Anti-Pollution Exhibition	Milan
Nov. 15—18	National Business Show	Montreal
Nov. 16—25	British Agricultural and Food Processing Exbn.	Tel Aviv
Nov. 18—28	International Building Exhibition	Paris
Nov. 22—24	Camping, Outdoor Sports and Furniture Exbn.	Brussels
Nov. 22—27	International Machine Tool Exhibition	Zagreb, Yugoslavia

BUSINESS AND MANAGEMENT CONFERENCES

Date	Title	Venue
To-day	BACIE: Fault Diagnosis (cl. Oct. 26)	16, Park Crescent, W.
Oct. 26	Building Mngt. & Mktg.: Common Mkt. & Cnstrctn.	Mount Royal Hotel, W.
Oct. 26	Inst. Mech. Engineers: Automatic Assembly	1, Birdcage Walk, S.W.
Oct. 26—27	Assoc. Business Programmes: Commercial Contracts	Royal Garden Hotel, W.
Oct. 26	Davies and Robson: The Fleet Engineer	Charing Cross Hotel, W.C.
Oct 26 & 28	Legal Studies and Servs.: Tax and Mngt. Decisions	Westbury Hotel, W.
Oct. 27—28	Financial Times: Industrial Relations	Savoy Hotel, W.C.2
Oct. 27—28	North Paul and Assocs.: Job Enrichment	Inn on the Park, W.
Oct. 28	Ass. Teachers of Mngt.: Business School Education	Connaught Rooms, W.
Oct. 28—29	BIS: Managing the Marketing Activity	Kensington Palace Hotel, W.
Oct. 29—Nov. 1	Management Studies Centre: The Smaller Company	St. Helier, Jersey
Nov. 1	IPM: Computer Personnel in Management	Cannock, Staffs.
Nov. 2	Institute of Directors Annual Conference	Royal Albert Hall, W.
Nov. 2—3	Metrication Board: Going Metric—Engineering	Mayfair Theatre
Nov. 2—3	Brunel University: EEC—Problems & Opportunities	Centre Airport Htl., Heathrow
Nov. 2—4	BCE: National Building Maintenance Conference	Royal Garden Hotel, W.
Nov. 4	Method Development Group: Job Evaluation	Woodhouse Square, Leeds
Nov. 4—5	Training for Business: Microfilm Methods	Bloomsbury Centre, Htl., WC1
Nov. 4—5	InComTec: Investment Appraisal	The Criterion, W.
Nov. 4—5	BIM: Management by Objectives	Richmond Gate Htl., Surrey
Nov. 4—6	Inst. of Work Study Practitioners Annual Conf.	Hotel-Majestic, Harrogate
Nov. 8	Gillett Bros.: Competition and Credit Control	Savoy Hotel, W.C.
Nov. 8—11	Central London Poly: Cap. Expenditure Budget	35, Marylebone Road, N.W.1
Nov. 8—12	NCB Computer Power: Operations Management	Cannock, Staffs.
Nov. 8—12	P-E Consulting Grp.: Production Management	P-E Centre, Egham
Nov. 8—12	Dunchurch Staff College: Accounting Systems	Dunchurch, Rugby
Nov. 8—19	Engineers' House: Basic Work Data	Clifton Down, Bristol
Nov. 9	Industrial Society: Suggestion Schemes	Rembrandt Hotel
Nov. 10	Building Research Station: Sound Insulation	Garston, Watford
Nov. 10—11	Management Studies Centre: Practical Pricing	Piccadilly Hotel, W.
Nov. 10—11	IPC Bus. and Ind. Training: Technology for Profit	Connaught Rooms, W.C.
Nov. 10—11	Iford Intnl. Institute: Effective Management	Hilton Hotel, W.
Nov. 10—11	Financial Times: Tax Reform (VAT & Corpn. Tax)	Europa Hotel, W.
Nov. 10—12	Jefkins: Planning Press Relations	Connaught Rooms, W.C.
Nov. 11	Inst. Mktg.: Construction—Opportunities in France	Kensington Close Hotel, W.
Nov. 16	Nat. Inst. Ind. Psychology: "Man at Work"	Congress House, W.C.1.
Nov. 16—17	MCL: Stock Control and Reduction	Prince of Wales Hotel, W.
Nov. 17	London Chamber Commerce: Office Environment	Elizabeth Suite, E.C.
Nov. 17—20	Strategic Management: Integrated Marketing	Royal Bath Hotel, Bournemth.
Nov. 19—21	Bristol University: Buildings for Agriculture	Tyndall Park Rd., Bristol
Nov. 24—25	Investors Chronicle-Financial Times: Unit Linked Investment and the Public	Inn on the Park, W.

COMPANY NOTICES

SOUTH AFRICAN INTERNATIONAL FUND LIMITED

NOTICE TO HOLDERS OF SHARE WARRANTS TO BEARER
PAYMENT OF COUPON No. 2

At the Annual General Meeting of SOUTH AFRICAN INTERNATIONAL FUND LIMITED held at the Company's office in Nassau, Bahamas on Thursday, 21st October, 1971, the payment of a dividend of Bahamian cents 2 per share in respect of the 12 months ended 30th June, 1971 was approved by shareholders. This dividend is payable from Wednesday, 3rd November, 1971, at the offices of the paying agents listed below against presentation of Coupon No. 2.

Coupons presented for payment in London must be listed on special forms available at the offices of the London paying agent and will be paid in sterling at the rate of exchange prevailing on the day of presentation. United Kingdom income tax at the standard rate will be deducted from the dividend unless coupons are accompanied by Inland Revenue declarations indicating that the beneficial owner is a non-resident of the United Kingdom for tax purposes.

Paying Agents:
Kredietbank S.A. Luxembourgeoise, Luxembourg.
Hambros Bank Limited, London.
E. D. Sasson Banking International Limited, Nassau.
signed: Kredietbank S.A. Luxembourgeoise. Luxembourg.

INTERITALIA MUTUAL FUND NOTICE OF DIVIDEND

For the financial year 1970/1971 ended 30th September 1971 a Dividend of Lire 250 per share is payable against presentation of coupon No. 11 from the 25th October, 1971 upon shares subscribed for up to the 22nd October 1971. This Dividend is payable at the offices of Kleinwort Benson Limited, 20 Fenchurch Street, London, E.C.3M 3DB, and is made up as follows.

	Lire
(a) Dividends, Interest and other Receipts	93.25
(b) Profits on shares sold	132.08
(c) Profits on Rights and Stock distributions sold	24.67
	Lire 250.00

Authority has been given by the Inland Revenue for U.K. Income Tax to be deducted by the Paying Agents only from portion (a) above.

Up until 15th November 1971 Interitalia shareholders have the option of re-investing their Dividend in new shares of the Fund at a commission reduced to 1%. Authority has been given by The Bank of England, Capital and Securities Office for portion (c) to be so utilised but subject to the terms of paragraphs 26 to 29 of the Notice E.C.7 (Second Issue).

Copies of the Annual Report will be available towards the end of November at the offices of Kleinwort, Benson Limited 20 Fenchurch Street, London, E.C.3M 3DB.

These Reports will be in German, French and Italian.
Luxembourg.
CADIT S.A.

THE ROYAL SOVEREIGN PENCIL COMPANY LIMITED

NOTICE IS HEREBY GIVEN that the Registers of the 8¼% Debenture Stock 1988-93 and the 7¼% Preference shares will be closed for one day only on the 30th November, 1971.

By Order of the Board,
C. G. NEWTON.

Britannia Works,
Cowbridge Road,
Pontyclun,
Glamorgan
25th October, 1971

MANCHESTER CORPORATION BILLS amounting to £5,630,000 are to be issued on 26th October, 1971 for maturity on 25th January, 1972. The total amount applied for was £44,900,000 and the amount allotted was £5,630,000. The minimum price accepted was fractionally below £98.85½% and 28.95% were allotted at this price. The average price of the bills issued was £98.8590%. The total amount of bills outstanding is £5,630,000.

LONDON AND MANCHESTER ASSURANCE COMPANY LIMITED

NOTICE IS HEREBY GIVEN that the Share TRANSFER BOOKS of the Company will be CLOSED from the 1st November to the 15th November 1971 both dates inclusive. Transfers should be lodged with the Company's Registrars Spain Brothers & Company at 1 Old Burlington Street, W1X 1LA by 4.00 p.m. on the 29th October, 1971.

By Order of the Board.

PERSONAL

WEEK'S FINANCIAL DIARY

The following is a record of the principal business and financial engagements during the week. The Board meetings are mainly for the purpose of considering dividends and official indications are not available whether dividends concerned are interims or finals. The sub-division shown below is based mainly on last year's time-table.

TO-DAY
COMPANY MEETINGS—
BOARD MEETINGS—
DIVIDEND & INTEREST PAYMENTS—

TO-MORROW
COMPANY MEETINGS—
BOARD MEETINGS—
DIVIDEND & INTEREST PAYMENTS—

WEDNESDAY, OCTOBER 27
COMPANY MEETINGS—
BOARD MEETINGS—
DIVIDEND & INTEREST PAYMENTS—

THURSDAY, OCTOBER 28
COMPANY MEETINGS—
BOARD MEETINGS—
DIVIDEND & INTEREST PAYMENTS—

Continued in next column

Continued from preceding column

Westminster and Country Properties 0.875p.

FRIDAY, OCTOBER 29
COMPANY MEETINGS—
BOARD MEETINGS—
DIVIDEND & INTEREST PAYMENTS—

Continued in next column

Continued from preceding column

SUNDAY, OCTOBER 31
DIVIDEND & INTEREST PAYMENTS—

SATURDAY OCTOBER 30
COMPANY MEETING—
DIVIDEND & INTEREST PAYMENTS—

THE WEEK IN THE COURTS

Reporting the law has a charitable purpose

BY JUSTINIAN

ANYONE reading the Court of Appeal's decision in *Incorporated Council of Law Reporting for England and Wales v. Attorney General and another* will have concluded that the law at least looks after its own; for the legal profession's organ for publishing court decisions has been held to be a charity and thereby has won that valued prize, immunity from taxation.

Two things contrived to make the case highly contentious. First, the *law of charity* in England is neither clear nor very expansive. There are four heads of charity, the first three of which present no problem—the relief of poverty, advancement of education, or the advancement of religion. But the fourth is ambiguous and restrictively confined by the courts.

On own merits

The imprecision of this heading, adopted by the judges, namely "purposes beneficial to the community," has been exemplified by the decisions of the courts throughout this century. Attempts at a more precise definition have been singularly unhelpful.

The courts therefore have had to take each case on its own merits, gauge its charitability under each heading and then proceed by reasonable extension or analogy to consider whether it is in line with its predecessors. On this score the Council of Law Reporting was in some difficulty.

The second problem that faced the law reporters' publishers was their maintenance since 1870 (when the Council was incorporated as a company limited by guarantee) of a service within a private enterprise context, although run by the legal profession on a non-profit basis. The Council's trade was different from that of other publishers of books or periodicals only in that any profits were to be applied exclusively to publication of law reports

The legal *profession* has stoutly resisted any idea that general law reporting should be a public service, an extension of the Crown's provision of courts and judges. (At least two series of specialist reports, those in the field of patent law, and of tax law, emanate from *governmental agencies.*) Even that most fiercely private enterprise society, the United States, has yielded to community needs—the reporting of the decisions of the Supreme Court is run by the Administration in Washington.

Two of the Lords Justices of Appeal *in the Court of Appeal* found in favour of the Council of Law Reporting, mainly on the ground that their work was an advancement of education. Doubtless where the purpose of producing a book is to further study of the subject, publishing is charitable under that heading. *But it was conceded* that the law reports are published not mainly for law students and dons but to equip solicitors and barristers—as well as lawyers in industry and public administration—with the tools of their trade. As Lord Justice Sachs readily admitted: "Without the law reports they would be ill-equipped to earn professional fees."

But however educative law reports may be, if the object of publication is to put an instrument of profit-making in the hands of the reader, that surely destroys the publishers' charitable status on the grounds of the advancement of education.

All three Lords Justices however founded their judgments on the fourth heading, and Lord Justice Russell did so exclusively. They reasoned that law reporting was "beneficial to the community." In effect they were according to the Council *the attributes of a public service* which it itself had, in form at least, eschewed for a century.

Precedent

The difficulty here was to see any precedent to support the decision either by logical extension or analogy. Indeed, the leading authority on *the subject* argues volubly against the law reporters. In the case of *Williams v. IRC* in 1947 the main object of a trust was set up to promote moral, social, spiritual and educational welfare. The trust in question was held not to be charitable.

This and other cases demonstrated the judges' unwillingness to confer charitable status on every "laudable object of benevolence and philanthropy." The cases could also be explained by the fact that the contenders for charitable status failed because of the vagueness with which community benefits were expressed.

No one could accuse the Council of Law Reporting of vagueness in expressing the objects of their enterprise. But is non-profit law reporting an exercise of more than benevolence towards the legal profession? If not, it surely fails to attract the label of charity as the law stands.

Telling point

A telling point against the Council can be deduced from its own inadequacies. In January, 1970, the Judicial Committee of the Privy Council handed down an important decision on this subject in an appeal from Guyana, but expressly following English law. The case, *D'Aguiar v. Commissioner of Inland Revenue* (Privy Council Appeal No. 19 of 1968) is not in the official reports.

In that case a Guyanan citizen covenanted to make to the Citizens' Advice and Aid Service an annual payment of $4,200 for three years. The courts held that this annual sum was to be treated as the donor's income for purposes of income tax. Only if the gift was to a charitable organisation could the taxpayer resist being assessed for tax on the amount of the gift.

The Citizens Advice and Aid Service was held to be not set up for purposes beneficial to the community because of the vagueness of its objects. They were: to provide advice, aid and services on medical and legal problems; to provide in confidence information and skilled advice on personal problems of daily life; to promote adult education, including explanation of the law; to help the citizen to make wise use of the social services, and so forth.

Which is more charitable—a *law reporting service to help the* legal profession be more efficient, or a kind of community centre where the citizen's social problems can be handled?

The lawyers may have properly won for themselves an exemption denied to other bodies committed to community services. They have by their victory illustrated the urgent need for a review of this aspect of the charity law, for which the Charity Commissioners have been pleading unavailingly ever since they took office under the Charity Act, 1960. That Act made a clean sweep of much deadwood, but it left untouched the archaic headings of charity laid down in the preamble to the Statute of Elizabeth of 1601.

"BP in talks on Norway refinery plan"

By Adrian Hamilton

BRITISH PETROLEUM, through its 50 per cent. interest in the *Norwegian oil marketing* company Norsk Braenselolje, is negotiating the construction of a joint refinery in Norway, according to a report by the Norwegian Trade Centre in London.

The discussions, believed to concern the construction of a 4m.-tons-a-year plant, north of Bergen, are taking place between Norsk Braendselolje and the Norwegian industry group, Norsk Hydro.

The refinery, which is planned for completion in 1974, would be owned 60 per cent. by Norsk Hydro and 40 per cent. by Norsk Braendselolje. It would be the third in Norway, which consumes some 8.2m. tons of oil at the moment.

Norsk Braenselolje at the moment accounts for about half the total market, while Norsk Hydro has a 6.7 per cent. share in the Phillips exploration group in Norway, which has already discovered a major field at Ekofisk.

MARKETING DEAL IN FERTILISERS

Two fertiliser manufacturers, *Lasco, of Liverpool, and* Lindsey and Kesteven Fertilisers, of Saxilby, near Lincoln, have joined together in a marketing agreement.

Under the agreement Lindsey and Kesteven will take over distribution in Britain of Lasco Sangral horticultural fertilisers.

Optimism in spite of crisis

By DAVID LASCELLES

There are many reasons why St. Lucia should command our attention just now. This rugged little island is the scene of striking new departures in Caribbean tourism and industry which, if successful, could set a pattern for the development of both these sectors throughout the region. It has also just built a brand new international airport which is certain to influence regional travel and is in the process of pursuing one of the largest land reclamation and recreation projects in the Eastern Caribbean.

But more important, and less fortunately, St. Lucia is also going through a serious economic crisis which could harm its growth prospects and disrupt the delicate social balances on which the island's continued prosperity must depend.

The cause of the crisis is agriculture, which has suffered a shattering series of blows during the past 18 months and is now in such a serious state that a number of drastic steps have had to be taken, including urgent appeals to Britain for help.

The immediate result of the failure of principal crops, due to a number of adverse climatic and commercial factors has been a sharp cut in St. Lucia's most important source of revenue—banana exports, which normally earn in the region of $EC11m. a year and are by far the largest single export earners.

This catastrophe, which is described in greater detail in an article on page II, has confronted the Banana Growers' Association, a statutory body which regulates sales and controls the industry, with bankruptcy. This setback has occurred just as the banana industry is undergoing thorough modernisation.

Given a good season, production could climb back to earlier levels within a year and once again produce the expected returns. But this disaster may have had a permanent effect on the morale of the industry. St. Lucian growers, many of whom are private farmers, are known to be growing increasingly disgusted with bananas. Evidence of this is provided in figures which show that fewer of them are responding to incentives to plant and rehabilitate their holdings. A growing number of them are also leaving the land in search of better-paid and socially more acceptable jobs in the towns and industry.

This flight from the land will have been accelerated by the disaster and could soon reach a stage where St. Lucia's social patterns undergo a fundamental and permanent change. Unless the flight is halted the St. Lucian Government faces the prospect of seeing the island's agricultural sector, which under present polices is the foundation of the island's economy, abandoned and even scorned by a growing number of sophisticated town dwellers, while the towns themselves fill up with people searching for work that just is not there.

The task of enticing people back to the land is being tackled in two ways: by improving the image of agriculture — principally by giving it a more economical status — and by increasing financial returns. The course is already being pursued in schools, where children are being taught to look on agriculture on a par with industry. The second is more difficult since banana production is not capable of being extensively mechanised. However, access to estates is being improved, so is the quality of the fruit by means of better handling and packaging methods. The centuries-old practice of shipping bananas on the stem is in the process of being replaced by a mini container system under which bananas are packed on the estate in boxes which see them right through to their final destinations.

It is still too early to discern quite how the banana industry will emerge from its present trials; but the experience has added urgency to the question of economic diversification into the only two fields that offer any practical possibilities—tourism and light industry.

The boom in tourism has been one of the remarkable features of St. Lucia's recent development. In the two years from 1967-69 the industry grew by an estimated 78 per cent. The rate of growth has levelled off since then, but investment in tourist plant (hotels etc.) has stayed at a spectacular level right through to the present day, spurred in particular by the alluring prospect of the new international jet airport which opened this summer at Vieux Fort in the south.

But opinions now vary as to the prospects for further immediate growth. Some maintain that the industry may temporarily have exceeded itself and should therefore hold back for a while. On the other hand the mass tourist market, which the Caribbean has traditionally avoided, is beginning to make an impact on St. Lucia, and there could be scope for further even more spectacular departures here, especially if the package operation just opened by Court Line in the south of the island, proves a success during this coming winter high season.

The light industrial sector is still small and capable of development once the regional needs of the Eastern Caribbean have been established and once St. Lucia has improved the necessary infrastructure, notably roads, which are among the worst in the region. Some ambitious projects are in hand, for instance the creation of a tax-free industrial zone near the new airport. But industrial capital has always been slow in coming to the smaller Caribbean islands until the prospects for exports (essential on an island where the domestic market is tiny) have been defined, and this the regional bodies have been conspicuously slow in doing.

One enterprise in St. Lucia is an example of how coming problems may be overcome. In a joint venture described in greater detail in an article on page II the four Windward Island governments got together with a Venezuelan paper company to build a banana packaging factory. Now almost ready, it could set a trend in regional co-operation.

One important consequence of the tourism boom and the Government's own capital spending programme has been to push up wages and create an inflationary situation which, though not as serious as that in some neighbouring islands, is making orderly progress difficult. The construction sector in particular has won good wages and set targets for the other sectors. The special significance of inflation in a community like St. Lucia is that it adds to the social disequilibrium by drawing people from the land to the towns where wages are rising fastest.

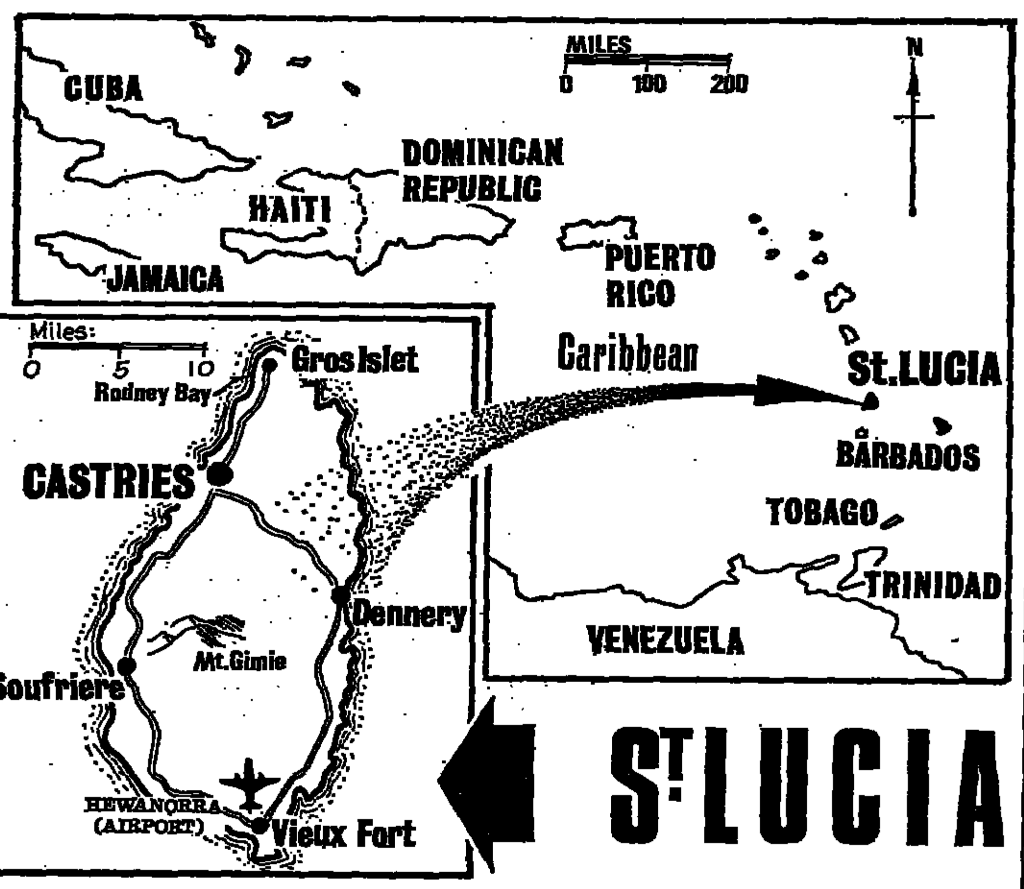
The Government has not stepped in with statutory wage controls (which it opposes on principle) but simply offered wage guidelines. At 2½ per cent. they seem laughably low but they nevertheless do appear to be having a certain stabilising influence. Complaints of price rises are not as bitter in St. Lucia as, say, Grenada and Antigua.

Perhaps one reason why the Government is better able to handle inflation than its neighbours is that, unlike many of its Caribbean counterparts, the St. Lucian leadership is not rooted in the trade union movement and does not therefore have to pander to labour for its existence. The Premier, Mr. John Compton, is a lawyer. His manner is detached and often inscrutable, putting him in a very different category from the bulk of Caribbean leaders who operate flamboyantly and by instinct.

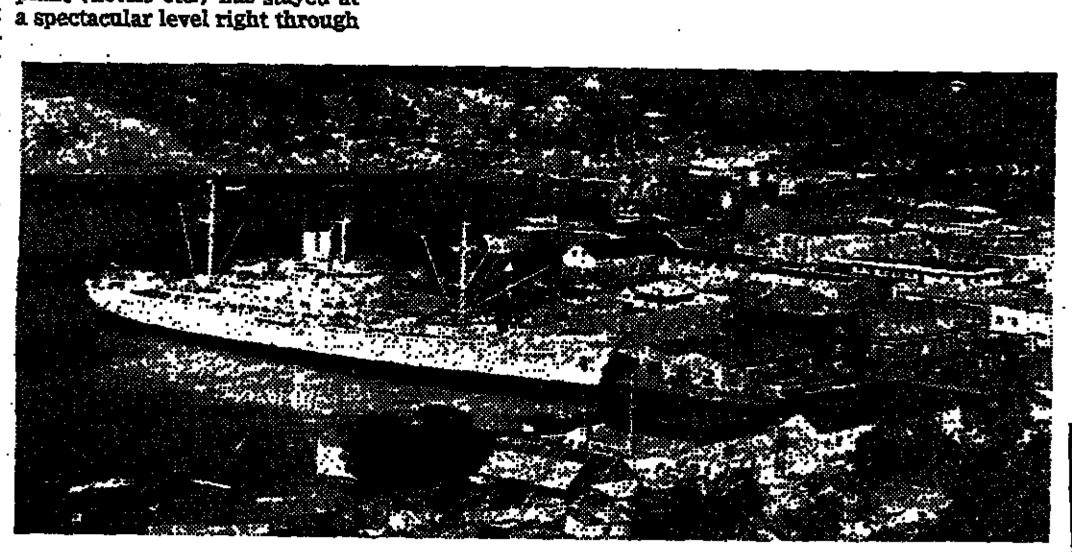
Discussing the threat of disequilibrium within the St. Lucian economy with the Financial Times, Mr. Compton said he would be prepared to take steps to slow down overall economic growth if this was necessary to help agriculture catch up. "Agriculture is the base of our economy," he said. "Tourism and industry only add the gloss."

It is very probable though that the economy will slow down of its own accord. The considerable activity that has been taking place over the last two years will drop off significantly when most of the present construction projects are completed within the next 12 months. In fact, according to one estimate, building activity by 1973 will be half what it was last year. Despite Mr. Compton's statement, a cut of such proportions would not be welcomed, and it has been suggested that the Government should spin out its capital development programme beyond 1973, when it is due to end, in order to sustain employment.

But fears of a recession are being overshadowed by the agricultural crisis, the solution to which must be known before future prospects can be gauged with any certainty. If a rescue programme is underway by the end of this year, the prospects will brighten considerably and, given luck with the weather, St. Lucia can look to the future with confidence. If nothing is done soon, St. Lucia may undergo a serious economic and social upheaval.



ST LUCIA



A Geest banana boat in the harbour at Castries.

BASIC STATISTICS

Area	238 square miles
Population (1970)	101,000
Trade (1970 estimate)	
Imports	£9.4m.
Exports	£4.2m.
Imports from U.K.	£3.0m.
Exports to U.K.	£3.4m.
GDP per head (est. 1966)	£70
Tourist arrivals (1970)	25,000
Currency	
(East Caribbean dollar)	
£1 = $EC 4.80	
$EC1=21p	

ST. LUCIA II

Uncertain future for banana producers

By JACK SPECTRE

In the post war years, the Windward Islands received active encouragement from Britain to develop their banana industry. Capital assistance was provided through such agencies as CD and W, and price support was given in the early stages to guarantee an economic return to the grower and thus encourage expansion.

St. Lucia soon became the largest producer. By 1969 its production reached 185.3m. lbs, accounting for nearly 90 per cent. of the island's visible export earnings and contributing nearly 30 per cent. to GDP. The industry also supports some 17,000 growers directly and an estimated further 20,000 persons in activities linked to the industry, over a third of the population.

During the term of office of the current Premier, Mr. John Compton, the income generated by the industry has eliminated the need for budgetary assistance from the U.K.

Geest Industries, which has been associated with the development of the industry from its early stages, offers not only a highly integrated marketing structure but also regular arrivals of modern refrigerated ships.

Bananas are harvested on a weekly basis. As a result they provide a continuous source of income and have relieved the problems of seasonal unemployment in St. Lucia. Of special significance is the short period of maturation—around a year, which makes a regular income possible. This holds a great appeal for the smallholders and means that to-day the vast majority of the farms are cultivated by "mini-growers."

It is fully appreciated in St. Lucia that quality is an essential factor in achieving equitable returns. When fruit is shipped on the stem, the bunches are prone to damage by handling.

Last year it was decided to remove the bunches from the stem before export and ship them in cardboard cartons. Now, all the fruit exported from St. Lucia is shipped this way.

Farmers have been encouraged to pay closer attention to the developing bunch and use a number of techniques aimed at improving finger length and minimising skin blemishes.

Another innovation involves the de-handing of the fruit in the field and their transportation in wooden boxes to the boxing station. This operation, although expensive in terms of labour and materials, has shown a marked improvement in the quality of fruit that arrives in the U.K. The fruit quality drive is proving a costly exercise for the grower. For the Windwards as a whole, over 50 boxing plants have been erected. The cost of each plant is in the region of some $EC80,000, and the capital outlay for this alone exceeds $EC4m. At full production, some 15m. cartons will be required annually, resulting in a recurrent expenditure of $EC10m. To these costs must be added additional labour, handling, packaging and materials costs.

New measures

Unfortunately these new measures have come at a time when the St. Lucian industry is suffering from a severe setback. In 1970, St. Lucia experienced nearly six months of drought followed by hurricane "Dorothy" which destroyed a further 30 per cent. of an already decimated crop. And the rain has been late again this year. These successive droughts have been quite unprecedented and production is currently only half its normal level.

By contrast, hurricane "Beulah" in September, 1967, cut weekly production from 1,555 tons to 1,043 tons but in less than 28 weeks production had climbed back to its normal level. This hurricane, which was agreed to be a serious disaster, cost St. Lucia some 10,500 tons of fruit.

The drought of 1970 resulted in the loss of 34,500 tons. This has been exacerbated by the drought of 1971, whch has created a situation far more serious than that of a hurricane. Even with ideal conditions and without financial difficulties, full recovery of production could take at least a year.

Unfortunately there is a very serious financial problem. In order to rehabilitate the industry, the growers must apply fertilisers, nematicides, undertake field sanitation and replant. With the very low production levels, incomes have been drastically reduced and the growers do not have the resources to purchase the materials required. The St. Lucia Banana Growers' Association, which derives its income from a cess on sales, has incurred heavy debts due to the low volume of exports. If assistance is not forthcoming, it will be unable to extend credit to growers to buy agricultural chemicals, neither will it be able to continue to provide such essential services as leaf spot control. The industry will therefore decline even further. Urgent and immediate aid is required if the banana industry of St. Lucia is to survive.

Mr. Compton's first proposal was the waiver of export duty on bananas—a major source of Government revenue. However, St. Lucia cannot pull itself up by its own bootstraps on this occasion and approaches have been made to the commercial banks, the British Development Division in the Caribbean (DEVDIV) and the Caribbean Development Bank.

Mr. Compton has asked for the bare minimum to permit St. Lucia to embark upon an emergency programme for the rehabilitation of a limited area. The commercial banks have put forward loan proposals but these are contingent upon DEVDIV taking a share of the burden.

Need for speed

The crop should have been fertilised last month and replanting must start in early November if the emergency programme is to be implemented. Speed is therefore of paramount importance.

Since the industry has served to create a small farmer peasantry from what was once a surplus labour force it mitigates in favour of social stability. Its collapse for want of aid at this stage would therefore result in upheavals which could have repercussions throughout the Caribbean, and which would be costly to rectify, if indeed they could be rectified at all.

St. Lucia's problems do not end with the eventual recovery of its banana industry. There is also the question of Britain's proposed entry into the EEC which has no common policy on bananas.

St. Lucia is a West Indian Associated State for whose external relations Britain is still responsible. Earlier this year, the EEC confirmed its offer of association under Part IV of the Treaty of Rome to such territories (other than Gibraltar and Hong Kong), which means that should Britain become a member of the Community, St. Lucia will be granted the status of an Associated Other Territory (AOT).

But such status alone would not adequately safeguard the banana industry since the existing AOT's (the French territories for instance) would be competing on equal terms in the U.K. while enjoying preferential—almost exclusive—treatment on the Continent. They could therefore accept lower prices than the West Indies.

We already have an example of this. Due to the guaranteed quota and high prices received in France, the Ivory Coast is currently able to export its surplus tonnage to the U.K. in spite of the general tariff of £7.50 per ton.

In addition Latin American producers with their vast surpluses could easily surmount the European Common External Tariff of 20 per cent. and flood the market.

Both the Labour Government and the current Conservative Administration have stated "if the Caribbean Commonwealth countries were to become associated with the EEC, the British Government would seek rights for them equivalent to the special arrangements already operating within the EEC for traditional suppliers." The question is what arrangements and for which traditional suppliers?

Germany had no colonies and subsequently no traditional suppliers. France on the other hand has a very rigid import regime whereby quotas are allotted to its traditional suppliers accounting for some 97 per cent. of its market requirements.

It is believed that Lord Denning, following his study of the banana industry, recommended that Britain adopt a policy similar to that which operates in France.

To date bananas have not even been discussed, and as Mr. Rippon himself says: "So far as the Commonwealth Caribbean is concerned the most dangerous element in the situation is uncertainty. I hope this may be cleared up soon."

The Caribbean producers are therefore looking to the U.K. to define its national policy at an early date. What they most want is a concrete proposal that a regime similar to that prevailing in France should apply to the Commonwealth Caribbean.

Industry should develop quickly

By DAVID LASCELLES

Industry in St. Lucia is still very small. The island has a few factories, mainly doing assembly work such as electronic components and bottling, and there are some secondary activities related to agriculture. But compared with a number of other Caribbean islands, St. Lucia is still at an early stage of development.

However it is the location of two important new enterprises both of which are thought to be unique in the region and should, if successful, help to boost business confidence.

The first is the so-called Rodney Bay development, a massive land reclamation and tourist development project which when complete will be the largest in the region and should put St. Lucia in the forefront of East Caribbean tourism. The project involves the transformation of a swamp into an inland seawater marina, the development of adjacent land and beach for hotels, housing and recreation, and the reclamation of land leading to a nearby island which is to be a nature resort. Work began last year. So far, the swamp has been dredged and most of the land reclamation completed.

The scheme is being backed principally by the Commonwealth Development Corporation which is committing about £1.5m. in cash and loans, and is providing the management. The St. Lucia Government is providing land worth £375,000 and St. Lucia Marine Enterprises is dredging and putting up further capital. The project, which covers more than 500 acres and incorporates two existing hotels, the St. Lucia Beach (also CDC owned) and the Holiday Inn, is expected to create a community of 10,000 people and will completely transform a part of the island that has been inhabited by swamps and insects.

The other project is the Winera banana packaging factory nearing completion near the new international airport at Vieux Fort in the South. In itself, the factory is not remarkable; all it will do initially is produce thousands of cardboard boxes to pack the Windward Islands' banana output. What is important is the spirit of regional co-operation that it symbolises. Half the initial capital of $2m. was put up by a Venezuelan paper company and the other half was contributed jointly and equally by the governments of St. Lucia, Dominica, St. Vincent and Grenada, making a joint enterprise of a kind that is rare in the Eastern Caribbean, though highly desirable.

Perhaps the most remarkable point about Winera is that these four governments were able to agree where to site the factory. Clearly such an investment, with all the jobs it will create (about 300) was quite a prize for St. Lucia in the context of the fierce competition for capital that characterises the region. It was decided to site it in St. Lucia because the island is by far the biggest banana producer of the four.

Obviously the scope for such joint ventures is small since they must serve the needs of several islands at once, and these are not always the same. But great signficance is being attached to the project and hopes are being expressed that more will follow.

Winera overcame one of the biggest obstacles to East Caribbean development—industrial zoning. Despite the growth of Carifta (the Caribbean Free Trade Area), the smaller islands have not shared in the prosperity that the organisation has brought the bigger ones, nor have any concrete steps yet been taken towards drawing up a regional plan for industry. The anarchic situation that now prevails means that islands compete individually and hotly for investment with the only weapon at their disposal—tax incentives. Some islands have pulled off remarkable coups like Antigua with its oil refinery, but St. Lucia has often shared with the smaller islands the disappointment of seeing big investments going to Barbados and Trinidad where plenty of industry already exists.

Poor infrastructure

Although industry is gregarious in this manner, another reason why little industrial development has taken place in St. Lucia is that infrastructure has been poor. But the CDC is now lending the Government up to £1.3m. to improve the electricity services, and the Government has launched an ambitious capital development programme to improve roads, which are among the worst in the region, and develop infrastructure.

One of the most important arteries, that between the capital Castries and the new development at Vieux Fort at the other end of the island, is still in bad condition and is one of the factors inhibiting greater use of the new airport. It will still need years to improve, but should eventually cut travel time by over half to one hour.

The road will have the important psychological effect of unifying the island. Vieux Fort has long felt itself remote and ignored by the Castries government. The town suffered greatly during the 1940s when the sugar estates that provided most of the area's employment were turned over by the British Government to the U.S. for use as a military airfield. The local MP is still agitating for pensions and compensation from Britain on this issue.

Some employment was created recently during the construction of the huge Halcyon Days Hotel and the airport, but these are now nearing completion and, although some permanent employment has been provided, gloom is returning.

However, Vieux Fort and the area round Hewanorra airport, where an electronics factory already exists, are scheduled for eventual development as a tax-free industrial zone. The Premier expects to receive loans from Britain for a project covering 3,000 acres and costing $EC30m.

The most active industrial sector has been construction which has spawned a number of secondary industries like blockmaking. With large developments at Rodney Bay, Cap Estate, Gros Islet, Sans Souci and The Morne, the new airport and the hotels, the sector has been at full stretch. But many of these projects are nearing completion and the existence of surplus capacity could soon become an embarrassment. However, there is still an acute lack of cheap housing which the Government plans to correct, and it is probably in this field that construction will be busiest in the near future—though some observers predict a sharp decline in construction activity over the next two years.

On the manufacturing side coconut products are among the most lucrative. Providing the agricultural sector can recover from recent setbacks coconut products are expected to maintain steady growth rates in view of the Oils and Fats Agreement under which St. Lucia can export two-thirds of her copra in excess of her local requirements in the form of oil.

Although the present Government believes that agriculture must remain the base of St. Lucia's economy, industrial development is being treated with some urgency now that agriculture is proving unreliable. With a work force that is fast adapting itself to modern skills, improved services and a well-developed construction sector, the Government hopes industry will not be slow arriving.

ST. LUCIA III

The St. Lucia Beach Hotel, which is owned by the Commonwealth Development Corporation and run by a CDC associated company, Hallway Hotels Overseas Ltd.

Tourist industry a long-term asset

By DAVID LASCELLES

With its big new international airport at Hewanorra which opened this summer and can take the biggest jets, St. Lucia is the envy of a string of Caribbean islands who boast only short light-duty runways, many of them inaccessible after dark. But in the opinion of the St. Lucia tourist authorities Hewanorra may prove to be a mixed blessing.

In anticipation of its opening, substantial investments were put into new hotels and extensions to existing ones. Four new hotels have gone up in the last year bringing 463 extra rooms, trebling the previous total, and increasing the number of beds available from 814 in 1970 to close on 2,000 for the forthcoming winter season. Few Caribbean resorts, in fact, have seen quite the boom that St. Lucia has experienced in the past two years.

But the St. Lucia Tourist Board suspects that the tourist industry may have overreached itself, for the forthcoming season at least, and there are fears that even though the number of tourists may increase, the overall occupancy rate in hotels may drop slightly.

Scant use

The reason is that only scant use will be made of the new airport by the scheduled airlines this winter. BOAC are at present only landing in St. Lucia once a week from Europe though an extra flight will be introduced in the first week of November. (BOAC, incidentally has introduced its Early Bird fare on this route; at £130, it compares with the cheapest normal return fare of £212). BWIA, the Trinidad-based international airline, flies in twice a week from North America. And that so far is all, though Air Canada is known to be seeking rights. The tourist authorities point out that even if all these flights arrive packed with tourists for St. Lucia, they could fill only a fraction of the available bed space.

The authorities' pessimism is justified only if St. Lucian tourism is to continue developing round the independent or casual tourist who travels on scheduled flights and for whom a network of small hotels has grown up. It is not justified if prospects are based on package tourism which, though new to the Caribbean and not yet fully understood, offers huge growth prospects.

Package tours

In fact, the whole Caribbean tourist industry will be watching St. Lucia with interest this winter because the first integrated package tour operation in that part of the Caribbean has just opened there and starts its first high season next month.

This is the £3m. venture undertaken by the British holiday and travel group Court Line. Their 250-bed Halcyon Days Hotel, modelled on the giant Mediterranean hotels, lies only a mile from Hewanorra and is to be served by regular back-to-back flights throughout the winter.

From the first week in December there will be weekly 200-seat jet flights from the U.S. and fortnightly flights from Canada which Court Line hopes will provide Halcyon Days and their other, smaller, hotel, the Halcyon Beach Club, north of Castries, with an occupancy of over 80 per cent.

These packages will be advertised in Britain next summer by which time Court Line expects to have prepared a tour at a price which it says will be "keenly competitive." This could mean an all-in price of around £150.

Another company that is examining the question of access is the British concern Trafalgar House, which is completing a £3m. hotel and cottage project on a 107 acre site at La Toc just outside Castries. The company hopes that by the opening in December 1972 scheduled flights will have improved greatly and will be supplying a large proportion of the 600 guests the development will accommodate. But the possibility of arranging special charters is not being ruled out. The first 30 of La Toc's 60 cottages open this December.

St. Lucia's smaller hotels, many of which are privately owned, have not gone into the package business on anything like Court Line's scale, but most of them are now on wholesalers' lists which will release them from overwhelming dependence on scheduled flights and the independent traveller. Nonetheless, the Tourist Board is continuing to press for more scheduled flights, particularly for the off-season, when, with fewer package flights, most tourists will have to arrive that way.

However, if short term prospects are mixed, St. Lucia possesses one of the soundest bases in the Caribbean for long term growth which, according to some sources, could be "explosive."

One independent assessor has projected that there could be 67,000 visitors a year by 1973 compared with 25,000 last year. If these stay the present average of 3.6 nights, hotel patronage that year will be more than three times that of 1969. By that year there could also be 3,000 beds, five times the number in 1969, and earnings from tourism will have reached the magic $EC10m. mark.

The figure of 3.6 nights is projected from the present trend which, curiously, is showing a gradual decline. In the mid-sixties the tourist stayed four and a-half days, now he is staying just less than four. It is possible that this trend will be reversed with the development of package tours, most of which are for a week or more. Mass tourism and the increasing emphasis on off season travel (made attractive by substantial rate cuts) could also reverse the gradual decline in occupancy rates which were 34 per cent. in 1969, 25 per cent. this year, and could be down to 20 per cent. next year.

St. Lucia's natural endowments should also secure it a prosperous future in tourism. Its landscape, dotted with dramatic peaks—many over 1,000 feet high—makes it one of the most striking of the Antilles chain. If poor roads have tended to discourage the tourist from visiting the interior, this obstruction has at least helped preserve local cultures of the kind that interest tourists. Hardier travellers report coming across unexpected but active cottage industries such as furniture-making conducted by people who still speak the French patois which used to be the island's principal language but which is now dying out.

The island's coastline is remarkable both for its beaches and its numerous coves which make it ideal for yachting. In fact yacht tourism is a sideline that has shown gradual but sustained growth in recent years. Yacht arrivals are increasing by about 10 per cent. a year.

The best value a British tourist can obtain at the moment is probably the two-week all-in package starting at £199—offered by Alta Travel. The tourist travels on BOAC scheduled flights and can choose his hotel from a full list which includes the Vigie Beach Hotel and the Malabar Hotel, both of which rate among the island's best and lie on the splendid Vigie Beach just outside Castries. A German company is just about to start the first charter packages to St. Lucia at a price of £235.

Social friction

Quite how the development of popular tourism will affect St. Lucia's charms is something neighbouring islands will be watching with interest. The Premier, Mr. John Compton, has said that he wants to avoid the social friction that occurs when wealthy tourists come up against local inhabitants of humbler means. For this reason he plans to keep tourist development down to a rate which the island can reasonably absorb, even though economic considerations may press him to speed up the process. However, St. Lucia's experiences during the next 12 months are bound to have an important influence on the course of Caribbean tourism as a whole.

The mountainous interior of the island.

The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● COMPUTERS

Tapping a vast potential

A MOVE of very great significance for the computer using community as a whole is in the making. IBM in the United States has gone over to a policy of buying, from users of its computing equipment, useful application programs and offer software for re-sale to other IBM clients.

On the face of it, this seems quite a simple decision to make and completely logical in view of the existence of the various user "clubs" around the world. However, it could be a decision contributing markedly to IBM growth over the next several years. This is because of the great wealth of software work which users have carried out for their own purposes.

Software expertise is not concentrated in the hands of the big manufacturers—some would say "far from it"—and in view of the virtual impossibility of protecting software work either by patent or by copyright, this could well be the way out that many computer users will follow.

The inference is that IBM has an arsenal of up to $10,000m. worth of user software to draw on for the general market. This is about half the estimated total for the expenditure on System 360 software as a whole.

Just how the company will run the operation is not yet quite clear. Initial purchases of software have been outright ones, routines then being offered by IBM salesmen on licensing terms under what the company has chosen to call its Installed User Programs facility.

But it is understood that the scheme applies not only to user programs but also to software written in the company for users' special purposes.

A rather guarded response to inquiries on the topic from IBM (U.K.) took the line that the organisation had thought a great deal about this subject and that a high-powered meeting had recently been held to cover the aspects of the scheme so far as the U.K. was concerned.

It appears that when it emerges in its final form, three areas will be scoured by IBM for suitable software. These will include general systems aids, database and scientific routines, and packages.

There has been enough publicity and advertising of improvements on various types of operating systems for it to become apparent that there is a definite market for such aids and IBM has never been slow to recognise a market. At the same time, work on database problems tends to become highly specialised and costly so that any means of lessening the burden on developers should be welcome.

In this area as in the area of customers' packages the effects of the scheme will cut two ways, helping IBM by lessening its software burden and helping both customers and IBM by far faster dissemination of the results of individual work at not much more than the cost to IBM of running the marketing operation.

If machine users can negotiate royal arrangements with the manufacturer—and this is not excluded—the benefit for good software work on the part of 360 and 370 users could be very significant and go far beyond what any individual company could achieve through a marketing programme of its own.

● PIPELINES

Flexible submarine aqueduct

WHILE sources of fresh water for domestic, industrial and agricultural use have been diminishing, the demand for supplies is continually increasing. For example, in a medium sized city 100 years ago water consumption per head was 50-60 litres/day—now it is over 450 litres/day (a five minute shower uses 85 litres and a bath 100 litres).

Because of other attractions some areas which have no natural fresh water supply have become inhabited and, because of their inaccessibility, cannot be connected to a mains supply. This was the position with some of the Sardinian small offshore islands which were supplied by tanker. Other methods, such as desalination plants, or rigid pipelines anchored to the seabed were considered uneconomic.

Recently a different approach has been adopted. Pirelli, a company with wide experience in constructing undersea electric cables, turned their expertise to the construction of a flexible polyethylene unjointed pipeline. The first was installed in 1959 to carry water to Gallinara, while in 1967 and 1968 pipelines were laid to Dino and S. Stefano. The company has just completed the fourth undersea aqueduct between St. Peter's Island and Sardinia. The company states that this is the longest pipeline of its type in the world (5,300 metres) and has a record diameter of 120mm.

The pipeline is of high-density polyethylene, armour-plated with strips of galvanised steel, covered by a seamless polyethylene sheath. On the exterior is further protection—galvanised steel threads bound in tarred canvas. In some cases a further metallic strip is used beneath the outer armour-plating to discourage the teredo (ship boring mollusc) which attacks non-metallic coverings. This type of pipe could be used for gas or oil.

The company took four months to perfect the production of the pipeline in a single length. The advantages of no joints are that internal flow is not obstructed and there is less likelihood of the pipe being snagged by fishermen. The pipe's capacity varies from 14 to 53 litres/second, under a maximum pressure of 40 atmospheres.

When completed the tubing weighed approximately 150 tons, and a special floating stage—40 x 20 metres—carried the 1¼ metre high coil of pipe. The pipeline was laid in only 12 hours from Calasetta to Carloforte, at a depth varying from 10 to 12 metres. At the landfall points the pipe was sanded over to prevent damage from waves, fishing, etc.

When the pipeline comes into use the water supply per head to Carloforte will rise from the present 50-70 litres/day to about 170 litres/day in 1972. This means there will be about 1,200 cubic metres of water at the disposal of the entire population every 24 hours.

● PRODUCTS

Small-motor controller

USING power transistors instead of thyristors, an ac motor controller has been developed, available for high or low frequencies; two versions have been introduced with 2 kVA or 4 kVA output. The low frequency unit will provide a speed range from 5 to 200 Hz and the high frequency unit 50 to 1500 Hz. Both can be used for group drives, providing electronically selected speed ratios which can be precisely maintained.

The basic philosophy of the new motor controller was evolved at the University of Manchester Institute of Science and Technology working to a research programme financed by Ernest Scragg and Sons, who build high speed textile processing machines for which these electronic control devices were required. A major objective was to find an economic way to control small motors or groups of motors with variable frequency.

A subsidiary, Scragg Power Drives, Sunderland Street, Macclesfield, Ches., has been established to develop the devices to meet the needs of the parent company, and to market the controllers in industry.

● RADIO

Measures high frequencies

INTENDED for use in the UHF and VHF bands in the telecommunications, radio and TV industries, the PM 6640 digital frequency meter from Pye Unicam, of York Street, Cambridge, can measure frequencies up to 800 MHz.

The instrument features automatic noise suppression on input signals and the company claims that this virtually eliminates incorrect counting and increases the effective input sensitivity and dynamic range. The noise suppression is achieved through the use of an automatic gain control circuit that also does away with the necessity to adjust the instrument's input signal trigger level for accurate operation.

The instrument has a nine digit display and is available as a basic 30 Hz to 225 MHz unit that accepts inputs in the range 20 mV to 5V rms.

Optional plug-in units are available to extend the frequency range and the sensitivity. One of these is an input frequency prescaling (dividing) unit that operates over the frequency range 150 to 800 MHz and the other a preamplifier unit that permits frequency measurements to be made with input signals as low as one millivolt rms.

Normally, high frequency stability is maintained by a 10 MHz temperature compensated crystal oscillator that has an ageing rate of plus one part in 10m. per month, but for extra high stability (five parts in ten thousand million) a proportionally controlled oven crystal oscillator can be provided.

● HANDLING

Getting it out of the bin

MATERIALS stored in bins often cause problems by refusing to flow when required, usually because the material has bridged: or a rathole has formed down the middle; or the material has caked; or it was too viscous to flow in the first place.

Agitators, air diffusers, vibrators, or a good thump with a sledgehammer are all recognised more or less successful methods of dislodging the recalcitrant material. Claimed to be a better kind of "inducer" is a method developed in the States which has been successful with the most difficult materials, from heavy viscous mud to fluffy wood flour (angle of repose 95 to 120 degrees) and for salts such as sodium and ammonium nitrate that cake solid in their bins.

A steel plate is faced with a thick Neoprene diaphragm, which is wrapped round the plate edges and bonded to the back. An air inlet in the back of the plate permits alternating inflation and deflation of the diaphragm. The frequency and amplitude of pulsation is fully adjustable on a control unit, and functions automatically to a preset frequency. The panels are available in 14 sizes ranging from 4 x 12 inches to 24 x 72 inches, and an air supply at 30 to 125 pounds per square inch is required.

When mounted on a hopper wall (on the inside), the pulsating panels can be used to shift material in hoppers with capacities from a few pounds to hundreds of tons. They are claimed to cope with almost any flow characteristic and will operate at temperatures up to 150 degrees Fahrenheit. It is stated that the panels can even extrude material too thick to flow normally.

Known as Pneubin panels, they are available in the U.K. from Kerry Handling, of Hackenden Close, East Grinstead, Sussex.

● ELECTRONICS

Making better resistors

SIGNIFICANT improvements in the linearity and sheet resistance of the tiny resistors for integrated circuits can be obtained by a method of treatment worked out by research staff at the Mullard Research Laboratories.

The work was undertaken because it has so far been difficult to get compact, high value linear resistors suitable for circuits integrated on a single chip. They have either had to be simulated using active devices with certain marked disadvantages; or complex approaches involving the contour deposition of epitaxial layers have had to be applied, raising costs.

Ion implantation helped a little by raising sheet resistances to a quite high level. But linearity remained poor.

It was not until the Mullard group thought of implanting neon with other dopants that both functions could be improved simultaneously.

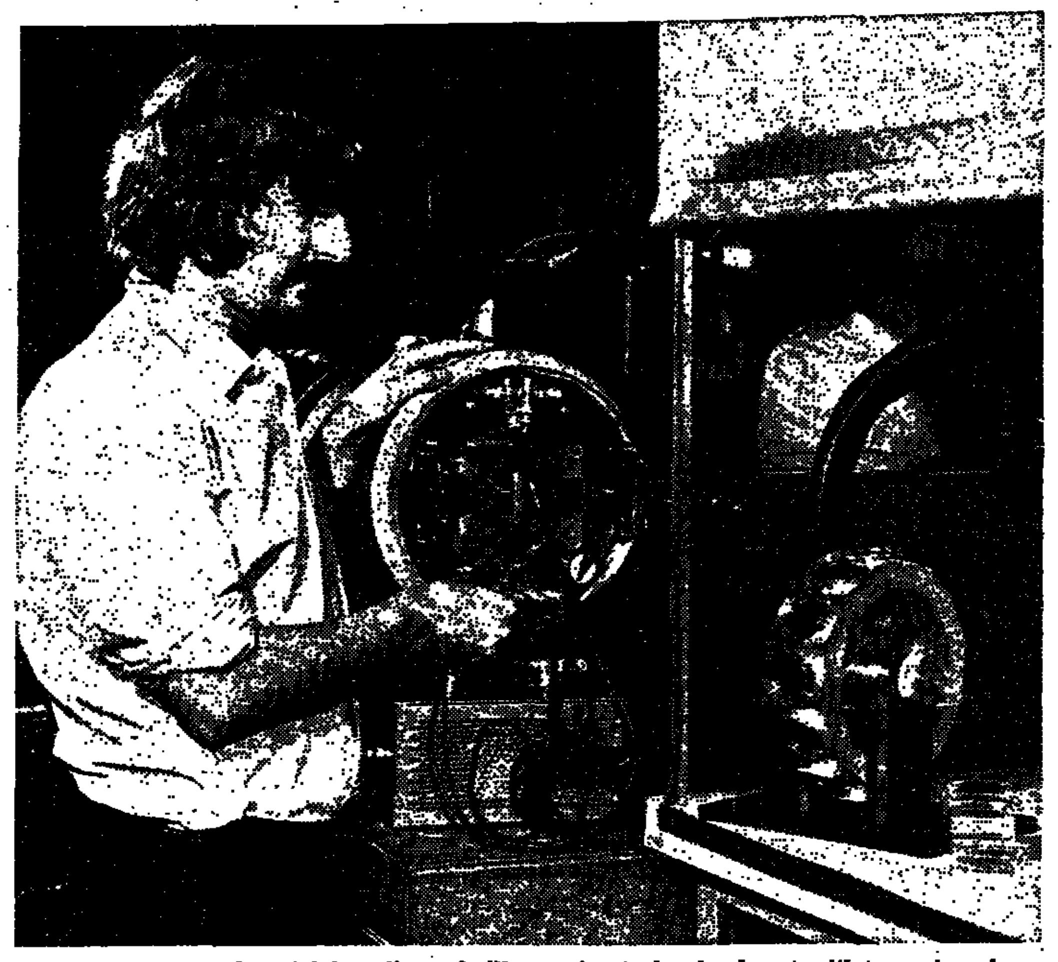
The method entails the projection of neon ions into the region of the resistor on the surface of the silicon substrate. The radiation damage caused to the surface by the impact of the neon ions reduces mobility and raises sheet resistance for a specified linearity and number of carriers.

Reductions in mobility of the order of five to one have been measured and since an annealing temperature of 500 degrees Centigrade is used, there was some question whether this would reduce the damage. However, it has been shown that this does not in fact take place, which is fortunate since the temperature is critical.

Work is in progress now to confirm the initial assumptions that the resistors made by this method are stable and have acceptable leakage currents. Investigation of the application of resistors made in this way to both MOST and bipolar circuits, is in progress.

The results obtained at Mullard stem from work which was carried out under a CVD contract and are being made public with the permission of the Ministry of Defence. They *refer to laboratory* work and do not in any way imply a follow-up either in production or in marketing.

Further details on this work are available from Mullard at Mullard House, Torrington Place, London WC1E 7HD.



Replacing a carousel containing slices of silicon prior to bombardment with neon ions in an implantation chamber.

● PROCESSING

Plastic to protect glass

LIQUID plastic applied to newly-blown bottles is said to make them easier to handle, tougher and to protect the glass from water attack.

A mist of the plastic is sprayed on the hot bottles as they emerge and residual heat is sufficient to polymerise the particles. They form a film which can be colourless but still provides a screen for ultraviolet light; or the film can be coloured as desired.

The process, developed by the Stanford Research Institute, 333, Ravenswood Ave., Menlo Park, Calif., U.S., makes it possible to produce a chemically-bonded coating of any colour. Previously, tinted glass was produced by mixing the colouring agents into *the frit, which meant that tints* could only be produced in long runs.

The Stanford process coating protects the glass from water which mixes with air pollution to form products which gradually attack the surface. It also lubricates the glass surface so that bottles will not scratch each other or jam on a high-speed filling line.

High yield from propane

POWER-GAS, the Davy Ashmore subsidiary, and Imperial Chemical Industries have developed a process to make the important chemical intermediate acrylonitrile which is used primarily to make acrylic fibres such as Courtelle and Acrilan. The process uses propane in place of *propylene as one of the feed*stocks. The other reactants are ammonia and air, as in the propylene-based process.

The new process, patented in all major industrialised countries, is claimed to give a high yield of acrylonitrile from propane and a high output from a single reactor. Economically, it is expected to be most attractive in areas such as the U.S. where propane is much cheaper than propylene.

Two of the best-known propylene ammoxidation processes for acrylonitrile are owned by British Petroleum and by the American BP associate Sohio.

Centrifuge safety

DESIGNED for maximum safety of operation, particularly where flammable or explosive materials are used, or in processes which involve solvent washing of the centrifuge cake, is a three point suspended, perforated basket centrifuge for liquid/solid separation.

The centrifuge is of gas-tight design enabling a nitrogen purge to be maintained for both the outer casing and bearing housing, where leakage of solvent vapours could contaminate grease. Hydraulic drive provides an additional safety factor as it can decelerate the centrifuge without the need for friction brakes. *As the drive is variable* it can be matched to the filtering properties of a particular slurry.

The centrifuge can be manually or automatically operated, and provides knife discharge of solids through an annular opening in the basket bottom. Crystal degradation is a negligible factor as the solids are ploughed out at low speed. The chute can be tailored to suit requirements.

The machine is capable of handling both freely and non-freely filtering slurries, and is available in standard construction of stainless steel or rubber lined, while special materials (including titanium) or coatings can be supplied.

Intended for the chemical and pharmaceutical industries, the centrifuge is made by Thomas Broadbent and Sons, of Huddersfield.

Avoids needle breakage

WEAR and breakages of needles on circular knitting machines operated by Glen Abbey, of Patrick Street, Dublin, have been reduced following the installation of an automatic centralised lubrication system.

About 50 circular knitting machines installed in the company's factory have needle tracks ranging from 10 to 24 inches in diameter and accommodating up to 4,000 needles.

In its quest for improved productivity, Glen Abbey sought to reduce the incidence of needle breakage. Industrial Instruments, the Dublin agent for Enots, of Birmingham, installed four lubrication points on each machine served by a centralised automatic system.

Oil delivered to each lubrication point is metered by an individual piston-type distributor. An electrically-driven pump drives the oil to the kntting machines.

Photo films for printed circuits

EXTRA exposure and processing latitude are the key features of an Estar-based film called Kodaline Reproduction Film now available from Kodak, Station Road, Hemel Hempstead, Herts. Expected applications will be in photographing fine-line artwork for photofabrication techniques such as chemical milling and the production of printed circuits.

Kodak points out that the acceptable dimensional variation of the film used in such applications often cannot be allowed to exceed one-thousandth of an inch in ten inches. The new film, says the company, offers greater *dimensional* stability during processing and displays a lower coefficient of humidity expansion than regular emulsion films.

● *By agreement between the Financial Times and the BBC, information from The Technical Page is available for use by the Corporation's External Services as source material for its overseas broadcasts.*

● TRANSPORT

Measures loads on the roads

ONE type of datum that needs to be accumulated for highway and bridge design purposes is the value and occurrence frequency of vehicle axle loads. There is also a need for portability in any instrument designed for this purpose, since otherwise it can only be used at a limited number of sites.

The Plessey Company has now introduced an axle weight analyser, the model WA1, which measures, records and categorises the axle loads of vehicles in motion and which can be installed by two technicians on any road in an hour and removed in 15 minutes. It is powered by a vehicle battery and will operate unattended for three or four days, automatically counting and classifying the axle loads of passing vehicles.

The road sensor measures 6 feet x 19 inches x 0.3 inches and is fixed to the road surface using hard high softening point bitumen. Traffic in that particular lane needs to be cut off for only 20 minutes during installation. The sensor is essentially a large capacitor with a rubber-air dielectric, which when compressed gives a capacitance change which is immediately converted into a voltage pulse. The pulse is then classified into one of 11 weight groups up to 40,000 lb plus. The number of axles falling into each weight group is read from a series of counters after the desired period.

The classifier unit, connected by cable to the sensor, measures 13¼ x 8¼ x 8¼ inches and weighs 24 lb. There are 11 six-digit electromechanical counters for the load groups, rising in 4,000 lb steps, with one counter for the total numberg of axles. The case is in cast alloy and is shower-proof, with an operating temperature range of 0 to 60 deg. C.

● AVIATION

Stops noise from jet testing

IT IS one thing to require that a big jet engine pushing out 100,000 lbs of thrust on a test bed should not make more noise 300 yards away than could be fairly equated to normal background noise in a quiet residential area, it is another thing to design and build the installation which will permit this kind of operation.

Over the past two years, Sulzer Brothers, of Winterthur, have been designing and building a test stand for the big engines of the Swissair company's Jumbos. The requirement was that at the specified distance, the noise from the test area should not be more than 45 decibels, based on Government regulations.

The problem was to suppress both types of noise produced—the deep throb from the exhaust jet which is normally audible over a wide area and the high-frequency whistle from the compressor.

Noise insulators for the air intake section included 650 vertical screen sections while near the engine the walls and ceiling of the test cell are clad with sound-absorbent sheeting which strongly reduces any echo effects.

The silencer for the exhaust gas is built up from a combination of thick absorption elements in the horizontal part of the exhaust gas tunnel and of Helmholz reflectors in the vertical shaft of the 25 metre exhaust gas chimney. Attention was paid to the design of the beam from which the engine is suspended in the cell to avoid noise transmission and all doors and gates are doubled and sound-proofed.

The installation cost Swissair over £1m.

● SECURITY

Ultrasonic burglar alarm

AN intruder detection device using ultrasonus and able to cover an area of about 300 square feet has been put on the market by Delta Security of Castle Street, Axminster, Devon.

Called the Deltalert, it works on the Doppler principle so that any movement within the detection area causes a change of frequency and triggers off the alarm.

An intruder entering the monitored area cannot see or hear the ultrasonic sound waves and cannot avoid them to escape detection. The unit has adjustable timing so that the alarm horn will sound for a minimum of 10 seconds up to a maximum of about 10 minutes. Other devices can be operated such as a relay or a light switch.

● MATERIALS

Panels for transport containers

GLASS fibre reinforced plastic coated plywood panels, called Glasonit, are being used by Technical Panel Industries, of Braintree, Essex, for making containers for transport concerns.

The smooth-surfaced panels are strengthened by bonding together woven roving glass fibre to sheets of plywood with special resins. This is carried out in a press which is capable of handling panels of up to 4 ft. by 10 ft.

With a thickness of 0.01 inches, the glass fibre tissue makes a tremendous contribution to the strength of the finished panels. It is supplied to TPI by Regina Glass Fibre, of Cleckheaton, Yorks. (a BET Group company).

The tissue, which is said to be cheaper and more stable than synthetic tissue, prevents surface crazing and improves the resistance of the plywood to warping.

While containers are the chief application of Glasonit, it is also used in Lotus cars, in roofing felt, and as battery separator sheets for giant railway batteries.

Use of this material eliminates easily damaged cross beams—allowing between 4 and 7 per cent. more capacity. Weight for weight, containers made of Glasonit or aluminium are said to be "competitive" in price.

AVIATION
Stops ... from jet testing

Building and Civil Engineering

Costain's £4m. opencast contract

A £4m. opencast coal mining contract has been awarded to Costain Mining by the National Coal Board. The coal is to be won from the Board's Auchingilsie site at a rate of 200,000 tons a year.

After five years, when the job is finished, the land will be restored to agricultural use. The coal, to be won from a number of seams separated by sandstones, shales, and mudstones, will provide both bituminous and coking coals.

The overburden will be removed by Caterpillar drawn scrapers, Lima 7 cubic yard draglines and an 8 cu. yd. face shovel loading a fleet of Terex 45-ton dump trucks. Together this equipment will move over 200,000 tons of material a week to yield 4,000 tons of coal.

Auckingilsie is in a remote spot where few people are likely to be affected by the noise, but all the same, work will not be permitted at week-ends between Saturday afternoon and early Monday morning.

Water sprays will be used to damp down site roads and settling ponds will be constructed through which all site water will be routed to prevent coal dust entering local streams.

Topsoil and subsoil will be separately stripped from the site and stored for replacement after the coal has been won.

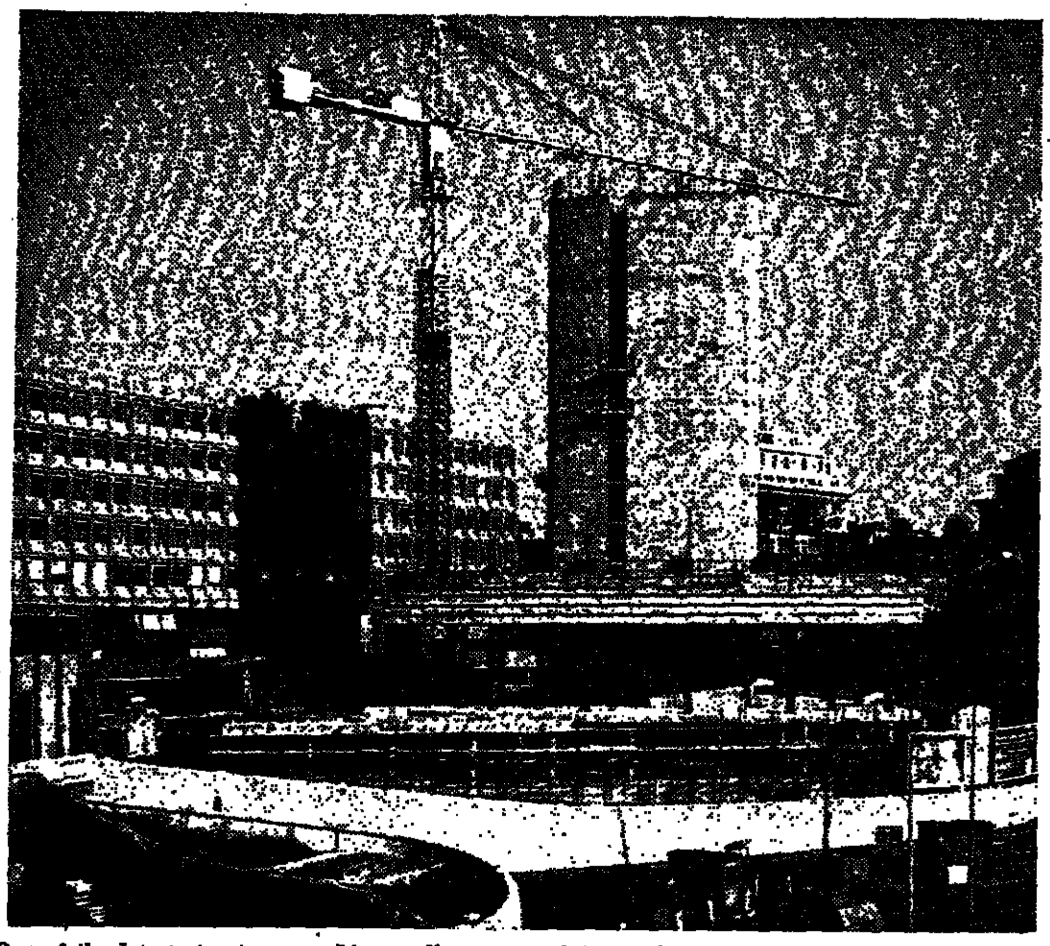
£2m. order for Mowlem

SECOND stage of the West Block at London's Imperial College of Science and Technology, Queen's Gate, South Kensington, is to be built by Mowlem (Building). The contract is worth £2.2m. and calls for the provision of lecture theatres and laboratories. Most of the new building will be in reinforced concrete.

The internal partitions will be non load-bearing brick or block, while most of the external walling will be load-bearing precast concrete "picture frame" units with insert metal windows. Areas of glazed aluminium curtain walling and facing brickwork containing aluminium and hardwood windows, will also be used.

Mowlem recently completed a £2.5m. contract on an adjoining site to provide libraries, the new Great Hall and further administrative blocks. Stage 2 of the West Block will be linked to the existing West Block, Stage 1, and is due for completion in 33 months. The contract starts on November 15.

Architects and consulting engineers are Norman and Dawbarn.



One of the latest structures on Liverpool's waterfront is this 13-storey hotel being erected under a £1.6m. contract by Tysons, of Liverpool, using the British Lift Slab method. The 240-bedroom hotel, called the Atlantic Tower Hotel, is being built in Chapel Street for Thistle Hotels (a subsidiary of Scottish and Newcastle Breweries). Several of the floor slabs can be seen lying one on top of the other prior to being jacked up into their correct position. Weighing 350 tons each, the floors are jacked into place by means of about twenty 70-ton-capacity jacks placed around the central core that had previously been erected by slipforming. The contract was negotiated in order to make an early start so as to qualify for the hotel incentive grant.

Big Welsh dam nears completion

DWR I GYMRU, which translated into English means "water for Wales," announces the sign at the entrance to the Brianne Dam construction site 12 miles north of Llandovery in mid-Wales. This precaution against possible sabotage by nationalists was taken at a time when dams and other water schemes further north in Wales, serving Midland cities, were under attack by extremists.

Set in an isolated position in the mountains, Brianne Dam, the highest rockfill dam in the U.K., is nearing completion. Mr. John Widger, project manager for George Wimpey, main civil engineering contractor for this part of the River Towy scheme, confidently expects to complete the 300 foot high dam and its associated works by July, 1972—one year ahead of the original schedule date that had been 1973.

In fact, the dam itself could be finished within a couple of weeks, weather permitting, as only about 25 feet remains to be added to its height. Just before the £4m. contract was confirmed in 1968, Wimpey reached an agreement with West Glamorgan Water Board (the client) whereby the company would be paid bonuses for arranging an earlier completion.

Double shifts

To achieve this saving of one year, the contractor had to arrange double shifting of its workforce. This double shifting on a 7-day week basis became necessary because of the travelling difficulties of the men. Many of them are transported by Wimpey buses calling at Ammonsford, and others come from Aberdare and Glyn Neath, where there are a good number of experienced machine operators.

At the peak time, 350 men were working a total of £750,000 worth of plant in an effort to place the 3m. cubic yards of fill by the end of this year—a target that looks like being beaten quite comfortably. Also, in view of the advanced completion date, a £200,000 Lima 8 cubic yard face shovel was purchased to excavate the rock from the mountainside next to the dam. The rock has been placed in position by a fleet of 45-ton Euclid rear dump trucks.

Fears about the future of wildlife in the flooded area expressed at the preliminary inquiries have been dispelled by the survival so far of the indigenous and rare forked-tailed kites. These are not the only birds which seem to flourish on the site; a peacock has adopted the site offices as its second home and can be seen strutting around despite the commotion caused by contractors plant.

To complete its menagerie, Wimpey has to put up with sheep, dogs, buzzards and the occasional fox. For the benefit of salmon swimming up the River Towy, a fish trap has been provided below the dam from which the salmon will be transported upstream by road tankers.

The waterproof core of the dam is composed of clay brought from a borrow pit eight miles away. This measures 160 feet from front to rear at the bottom and tapers to 20 feet at the crest. Doubts as to the suitability of the rock for constructing the dam are said to have been allayed, and while it has proved difficult for the contractor to handle, the consulting engineers Binnie and Partners seem perfectly satisfied with its behaviour.

The rock has been compacted by vibrating rollers to an overall gradient of 1 : 1.75 on the downstream slope placed in a series of steps, while on the upstream slope the gradient is 1 on 2 surfaced with rip-rap (large rocks). Extensive instrumentation has been installed in the dam to monitor its behaviour, but one remarkable aspect of the dam is that when it is completed it will not require full-time supervision.

Outlet regulators will be remotely controlled by radio from a control centre to be established at the treatment works at Felindre a few miles north of Swansea. With a reservoir capacity of 13,400m. gallons, Llyn Brianne's surface area will be about 520 acres with a maximum length of around 5½ miles.

Nobody displaced

Mr. David Evans, the resident engineer for Binnie, said that nobody had been displaced by the building of the dam, but that this was probably one of the last sites where this will be possible.

As far as amenity use is concerned, the issue remains unresolved at present, apparently because three county authorities are concerned. They are Carmarthenshire, Breconshire and Cardiganshire. However, West Glamorgan Water Board has commissioned Swansea University to elicit public opinion on the matter.

The lake, Llyn Brianne, is not considered suitable for sailing, particularly as it is fairly near the sea. But the east side could possibly be opened to the public as a new road already exists that could perhaps be extended. Because of the depth of the reservoir, fishing is not likely to be very good.

Several alternatives are being mooted for increasing further the water supply to South Wales. One of these is that 35 feet be added to the Brianne Dam's height, and Binnie's designs have made provision for this eventuality.

But before a decision is reached on this question, the Water Resources Board is to publish a wide ranging report on water in Wales and the Midlands. This is scheduled to be published on October 28.

MARTIN ROUTH

SECURITY
Ultrasonic burglar alarm

Export warehouse for Thorn

A WAREHOUSE to be built at Romford, Essex, under a £2m. order won by John Finlan from Thorn Lighting, will house all lighting products destined for export.

The building will measure 36,000 sq. ft. in area with a 3,000 sq. ft. block of offices alongside. Being built to Thorn's requirements, the scheme is planned for completion by next July.

The 9-acre site, which is part of 12 acres of land valued at £750,000 bought earlier this year, is near the junction of Eastern Avenue West (A12) with Hainault Road, in Romford. Outline planning permission for further warehouses has been granted.

On completion, the warehouse will contain four bays and a goods despatch area with a certain amount of automatic mobile racking. Construction will be of steel portal frame with facing bricks surrounded by asbestos cladding.

Winchester road work

HAMPSHIRE County Council has awarded Reed and Mallik a £286,000 order for the first stage interchange at Bar End, comprising a single carriageway from Bar End Road, passing over the Winchester By-Pass, to the southbound carriageway, including connections to Chilcomb Lane and Morestead Road.

The work includes earthworks and drainage, with about 800 yards of surface water sewer mostly in pipe (40 yards thrust bored through a railway embankment). A mass concrete retaining wall and a 125 feet long clear-span bridge with precast concrete deck on post tensioned box beams (each half-span in length and joined by an insitu diaphragm) supported on reinforced concrete abutments on driven cast insitu piles are also involved. The contract period is 15 months.

Replaceable vibrating poker

WHEN a vibrating poker is used to compact concrete the battering it takes give it a limited lifespan and repairs are required at fairly frequent intervals.

Such repairs are stated to cost on average £20, plus loss of production. E. P. Allam, of Arterial Road, Eastwood, Leigh-on-Sea, Essex, claims to have overcome this problem with the introduction of the "Chukka" vibrating poker: when the poker has finished its useful lifespan it is replaced by another in a few minutes. Dismantling is impossible as the poker is assembled with adhesives.

The estimated minimum lifespan of the "Chukka" poker is 10 weeks, and a replacement costs £40 (less £2 if exchanged for the worn out poker). For any period under ten weeks the poker is replaced at a cost of £4 per week for the weeks it operated.

Petrol or diesel driven units are available in two sizes—41 mm diameter by 508 mm long or 51 mm by 521 mm long. A 6 metre lightweight flexible drive shaft is provided, and both sizes of poker operate with a pendulum action vibrator at 12,000 v.p.m. A diesel driven unit costs £285.

Services at Belfast hospital

FOUR mechanical services contracts together valued at £3.4m. recently received by Haden Young include work at hospitals, a hotel and offices.

The largest order, worth £1.9m., is for the supply and installation of a full range of services including air-conditioning, medical gases and fire protection, at the 540-bed Central Hospital being built at the Belfast City Hospital complex for the Northern Ireland Hospitals Authority.

Major plant areas and a 200-car park will be contained in a 3-storey podium above which a 16-storey tower block will rise. Services covered by the contract cover steam, hot, cold and chilled water distribution, gases and compressed air, dry riser, sprinkler and hose reel installations, space heating, cold rooms, kitchen equipment and all plumbing.

Air-conditioning will be by high-velocity dual duct, low-velocity multi-zone and single duct systems supplying all fresh air with no recirculation.

Main contractor for the hospital, which is scheduled to be finished by July, 1976, is McLaughlin and Harvey. Consulting engineers, for engineering systems, are Oscar Faber and Partners. Structural engineers are Kirk McClure and Morton, Belfast.

Haden Young has also been awarded a £1m. contract by Hilton International for the supply of all mechanical and electrical services at the Kensington Hilton being built in Holland Park Avenue.

A total of 611 air-conditioned bedrooms will be contained on seven floors of the hotel which is "E" shaped on plan. A basement car park is also included along with a Japanese and an "olde English" restaurant. Main contractor for the hotel is Holland, Hannen & Cubitts and the architects are Triad. Consulting engineers are Kennedy and Donkin Associates.

Another £210,000 contract, concerning the supply of all mechanical services to the Institute of Clinical Science for the Middlesex Hospital Medical School, has also been won.

Services here will include distilled water, nitrogen and compressed air distribution networks.

The remaining contract, valued at £300,000, relates to an office development at Stevenage, for the Manufacturers' Life Insurance Company.

Variable frequency pile driver

WHILE rotary eccentric vibratory pile drivers have been in use for some years, with the advantage of reduced noise compared with impact pile driving, they have the disadvantages of incorporating numerous expensive parts and of limited frequency.

Christiani-Shand claims to have overcome these problems while adding several features including the capability of working under water.

Based on the principle of alternating pressure and flow produced by means of a closed loop electro-hydraulic system, the equipment's operation frequency can be continuously varied from nil to 120 cycles per second. Likewise, the amplitude is varied to achieve maximum power absorption over most of the range.

Moving parts in the vibrator unit have been reduced to the valves and the main piston, all of which have linear motion with very limited travel. The maximum travel of the main piston is 1 inch.

The pressurised fluid operates on either side of the piston, which is rigidly attached to the top of the pile, where the piston operates within a heavy cylinder suspended from a crane.

It is of course, important for the weight of the accelerated parts, that is the piston, grips and pile, to be kept as low as possible relative to the reactive mass—that is the cylinder. In the prototype, the reactive mass is about 5½ tons.

By being able to vary the frequency and amplitude to suit site conditions, the maximum rate of penetration can be achieved. Those natural frequencies which might damage neighbouring structures can also be avoided.

With vibratory drivers there is no impact damage to the head of the pile, however hard the driving, and although "not entirely silent, the noise is far less disturbing than impact pile driving."

The pile driver, which weighs 6 tons, requires an hydraulic power supply of 3,000 psi at 75 galls per minute. Further information from Alexander Shand (Holdings), 12, Hobart Place, London, S.W.1.

Variety of work for Tarmac

FOUR contracts for work ranging from a market hall, a quay, roads and a factory extension, with a total value of around £482,000 have been awarded to Tarmac Construction.

A £102,000 contract for a 26,440 square feet market hall to be put up at Bishopton Avenue, Stockton, has been placed by Centros Properties. The single-storey steel-framed building will include sales and storage areas and a concession sales area.

For placing slag fill to form a potash quay at Teesdock, Grangetown, near Middlesbrough, a £100,000 sub-contract has been awarded by Peter Lind and Co.—main contractor to the Tees and Hartlepool Port Authority.

The County Borough of Darlington placed the third order, for roads and sewers and a car park, together worth £80,000 with Tarmac. In Monmouthshire, Tarmac has a £200,000 contract from Nova Knit for a 3,000 square metres extension to the factory at Maes-y-cwmmer.

Slows down aircraft

CRASH barriers of Lytag aggregate are to be installed at the Municipal Airport of Staverton, owned jointly by the Corporations of Gloucester and Cheltenham.

The lightweight barriers, which act as soft ground arresters, will decelerate aircraft in the event of an over-run. The length of the main runway at Staverton, 4,050 feet is sufficient for present needs, but with the expected increase in the numbers and size of aircraft with improved performance, some type of safety measure was thought necessary. The Airport already handles about 48,000 movements a year.

Installation of the Lytag arresters is expected early next year on the recommendation of the Board of Trade, following recent tests carried out by the Royal Aircraft Establishment, Farnborough. The arresters will be 140 feet and 270 feet long, each deepening from 6 inches to 24 inches.

The material allows aircraft wheels to penetrate as it does not compact. It does not freeze and is fire resistant.

Furniture factory extension

HOMEWORTHY Guaranteed Furniture's factory planned for Sunderland is expected to bring some 500 new jobs to the development area in the North East of England.

The 250,000 square feet site selected at North Hylton Industrial Estate, Sunderland, already has a 50,000 square feet factory which enables the company to start production immediately, while George Wimpey and Co. builds an extension of about four times the size.

Worth £900,000, the contract covers offices, store rooms, canteen and kitchen, and toilets as well as the main factory. Homeworthy (a subsidiary of AVP) is already in production in the existing factory and will expand when the extension is completed next summer.

In brief

● CONTRACT 2 for the construction of Hounslow Heath Comprehensive School being built at Wellington Road, South Hounslow, Middlesex, has been awarded to Gee Walker and Slater. The £370,000 scheme consists of the superstructure for the main teaching and administrative building. Work has started on the substructure of this and ancillary buildings. The school will accommodate 1,200 pupils.

● A £180,000 contract has been awarded by John Hannam Motels, to W. E. Chivers and Sons for the construction of a motel near Swindon. Work begins this month and is due for completion next August. Architects are Project Management Group, of London. Provision has been made for 51 bedrooms, accommodated in two 2-storey buildings, and parking for 80 cars. A single-storey amenities building, attached to the main block, will accommodate a restaurant, coffee bar, dance floor and arrangements for private functions. Plans provide for the addition of 40 bedrooms at a later date.

● ALEXANDER Hall and Son (Builders) Edinburgh (Aberdeen Construction Group) has been awarded a £642,000 contract for the first stage of the Aberdour Housing Development at Dunfermline. The work, comprising 162 houses, 38 lock-up garages and a shop, is for the Scottish Special Housing Association, of Edinburgh.

● SECOND phase of the Borough of Kidderminster's Offmore Farm Estate is to be built by Holland Hannen & Cubitts (Midlands). This £950,000 phase will contain 234 dwellings of traditional load-bearing brick construction occupying an area of 14.3 acres. The dwellings comprise 120 flats, 30 bungalows (including six for disabled persons) and 84 houses with between one and three bedrooms. The estate is planned as a series of six cul de sacs with a central pedestrian way linked to the previous development.

● FRIMLEY and Camberley Urban District Council has placed a £900,000 order, subject to Department of Environment approval, with Trusteel Corporation (Norman Collisson Construction Group) for the construction of 200 dwellings at Harcourt and Frimley Park, near Aldershot, Hants. Four types of unit including bungalows and flats are to be built near the M3 motorway.

MATERIALS

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The road to the summit

OF ALL the obstacles in the way of a settlement of the present international monetary crisis, *perhaps the most important* is the lack of any agreed strategy by the leading European countries. The Six are *far more dependent on their* trade with each other than they are on their trade with the U.S., and in any currency realignment it is therefore more important for them to agree on the relationship between Common Market parities than on the shift in individual exchange rates against the dollar. Until France and Germany settle their differences over floating versus fixed exchange rates, and over the appropriate relationship between the franc and the Deutsche Mark, it is difficult to imagine that a solution can be negotiated in the wider forum of the Group of Ten.

Enlargement implications

The need for a coherent European position goes far beyond the question of exchange rates, however. As was pointed out last week in *Le Monde* by M. Jean-François Deniau of the Common Market Commission, the additional questions put on the agenda by the U.S. (like burden-sharing and trading practices) bring into stark relief the broad problem of the relationship between Europe and the United States. It is a problem which has been masked in the past, because some European countries have found it easier to deal with Washington than with their partners, but it cannot be *shuffled off indefinitely*. M. Deniau's articles received sensational and distorted coverage in some British Press reports; there can be little question but that the time has come for Europe's political leaders to start thinking seriously about the long-time implications of the enlargement of the Community, about its nature and about its *place in the world*.

The first opportunity for such a reappraisal comes on November 5 and 6, barely a week after the vote in the Commons, when the Foreign Ministers of the Six and of the four candidate countries meet in Rome. Formally speaking, this is the third in the series of regular consulations on foreign policy, which was inaugurated after the Hague summit two years ago. In fact, the main priority of this meeting will be to prepare a new *summit of the ten members of* the enlarged Community, taking place some time next spring.

On the foreign policy front, there is a clear need for the members of the enlarged Community to intensify their consultations. The meetings which have been held so far have been constructive, but while there has been some convergence of views on the Middle East, there has been little effective co-ordination of policy towards the Soviet Union and Eastern Europe. President Pompidou has praised the success of Willy Brandt's Ostpolitik, but he has clearly felt that Paris has not *been as closely informed as the* Franco-German Treaty would require. By the time the European summit takes place, the way may have been cleared for a European Security Conference, and it will be urgent for the Community countries to see eye to eye on the problem.

One way or another, the Ostpolitik and the monetary *crisis both lead eventually to* the question of Europe's defence. The Ostpolitik has proved so popular in West Germany that more people would prefer a neutralist stance to a military alliance with the U.S., according to a poll published last week. The time is not yet ripe for any specifically European defence *arrangements, if only because* the French Government is not ready to review its policy of military independence, but it is *not an idea which can be ruled* out for ever. In the short run, the European countries may be able to satisfy American demands for more equitable burden-sharing by making monetary concessions which will offset the foreign exchange costs of the stationing of U.S. forces in Europe.

Decision-making

Before the Community countries can begin to take sensible *decisions on these long-term* problems, however, they must improve their institutional arrangements for consultation and decision-making, and this may well prove to be the most important item on the agenda of the summit. The inefficiency of the Brussels institutions was made worse during the 1960s by the conflict between de Gaulle and the Five. There is no reason now why the Ten should not take effective steps to transform the Common Market into a fully-fledged Community.

Prices hold the key

THE behaviour of wages and prices in the months ahead hold the key not merely to the success or failure of the Government's economic policy but also to its political standing in the country.

How central the prices question is has been demonstrated by the public's attitude to EEC entry. In spite of the fact that a majority of people believe that it is in the national interest for this country to join the EEC, a majority also opposes entry. It does so in spite of the fact that in a whole variety of ways people actually expect to benefit individually from membership. What appears to be swaying large numbers, especially women, towards opposition though is the anticipated increase in food prices.

Price index

Getting down the rate of *price inflation is by now as* important a Government objective as reducing unemployment, and indeed in Ministers' minds these two are *linked. If price* rises can be contained there is a better chance of easing the upward pressure on wages and rising costs have certainly played their part in rising unemployment. Lately some rather more optimistic pronouncements on prices have been heard. Mr. Prior, the Minister for Agriculture, said last week that *there were signs* of the world food prices storm "blowing out." And the hopefully inclined can take some comfort from the latest retail price figures.

It is true that on a twelve *monthly comparison the retail* price index for September showed a rise of no less than 9.9 per cent. on a year earlier. But frightening though that is when looked at in isolation the fact remains that it is the first time since May that an annual comparison has thrown up a result below double figures.

As yet it is too early to expect any real effect from the *CBI initiative to show up.* Nor are the purchase tax reductions having anything like their full effect, as this comes through *only as retailers clear old* stocks. On the basis of calculations by the National Institute something like 0.5 per cent. is still to come over a period of months due to the tax cuts. And in regard to food, there are indeed some hopeful signs.

The price of butter, that highly emotive issue in the Common Market context, could rise somewhat further, though at nothing like the recent rate of increase. But the grain situation does look much better now after a record maize crop in the U.S. and what looks like a record cereals harvest in the U.K. The effects of this on food prices in the shops are largely indirect. For a whole variety of reasons the prospects for different types of meat are less easy to assess but here too on the whole there are grounds to think that some relief is in *sight*.

Wages

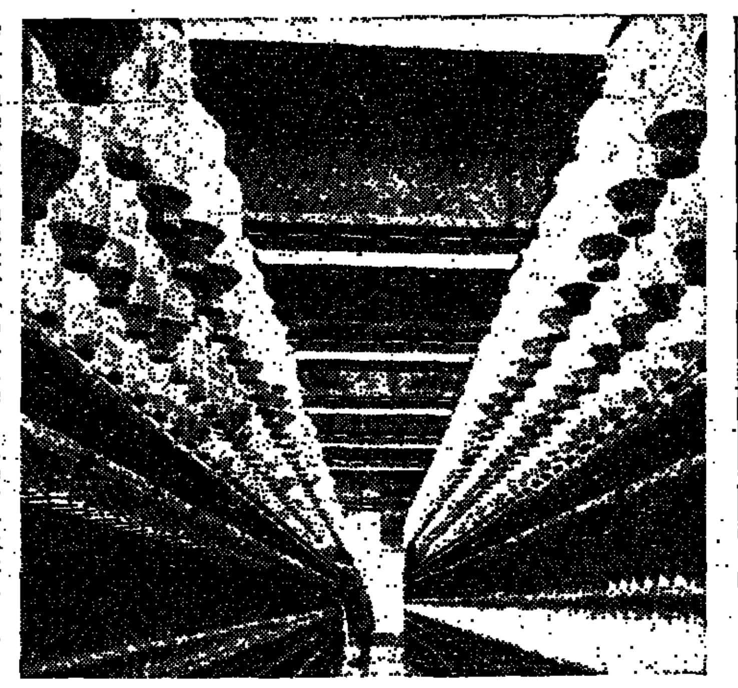
What matters of course is the extent to which any slackening in the upward movement of prices which might lie ahead is reflected in wage negotiations. There are some indications that the state of the labour market is affecting the bargaining *climate, but this* would be greatly reinforced if there were indications that the rate of increase is coming down. A clearer view on this all-important point should become possible next month when the *Government is expected to start* publication of a seasonally-adjusted prices index. This will give a much better guide to the underlying position than the 12-monthly comparisons which are all that is possible at present. If the somewhat greater optimism which is beginning to emanate from Whitehall is justified at least it will show up *quickly in the statistics*.

Lancashire's textile trade feels left out in the cold

Many of Lancashire's mill owners, reports **John Trafford**, believe the Government simply does not care whether their industry survives the current spate of mill closures

JUDGING the right balance between incompatible objectives is the stock-in-trade of politicians. When 12,000 people working in one industry, most of them in one county, lose their jobs in a year and the employment of a further ¼m. is said to be in jeopardy, the politicians' skill is very much at a premium. That is the problem presented to Sir John Eden, Minister for Industry, and the unlucky man who has responsibility for Government policy on that political *minefield, the Lancashire textile* industry.

Through changes in world trade and fashion—and some would add wanton neglect by successive Governments—Lancashire's textile industry is not the power it was. To-day it only employs about 100,000, a far cry from the 334,000 who worked for it in 1953 and *light years away from the 1924 peak of* 620,000. Its production of light-weight cotton and man-made fibre fabrics now accounts *for little more than a sixth of* total U.K. output of textiles and clothing. In terms of employment it accounts for less still. But despite its continuing decline, it is still very much a power in the land and still a major employer of labour in the North West.



BICC's Moseley Mill, the first spinning mill to be built in Lancashire for 45 years—many others are closing.

Chasm has opened

Over the past decade a chasm has opened between the Government and many of Lancashire's mill owners, particularly those outside the big integrated groups like Courtaulds, Carrington Viyella and English Calico. These people feel the Government simply does not care whether any part of their industry survives the current *spate of mill closures.*

Their main complaint is that for years successive Governments have allowed far too high a volume of cheap imports to flood in from Asian countries and that next January the *protection of quotas is to be dis*banded and replaced by even less effective tariffs on Commonwealth cotton textiles. They also object to the Government's decision, enshrined in the 1968 Trades Descriptions Act, no longer to require foreign-made textiles to show their country of origin unless it is in the consumers' interests.

Just recently, disenchantment with the Government's policy, always something of a grumbling appendix, has erupted with force. In the first quarter of 1971, imports were well ahead of those in 1970; by the second quarter the increase had grown alarmingly. Thus the first quarter imports for cotton fabrics, man-made fibre fabrics and made-up articles were 16, 30 and 8 per cent. up while for the second quarter the increases were 53, 46 and 31 per cent.

In part this is due to countries *trying to fill their 1971 U.K.* import quotas fully so that they can escape the incidence of the new tariffs as long as possible. Many Lancashiremen fear, however, that the new high level of imports has come to stay.

On top of this has come a marked increase in the rate of mill closures. Only last July the Textile Council was pointing out that the figures for numbers of mills in 1975 given in its 1969 report would not be met because closures had been far fewer than expected, especially in spinning. Since then the rate has quickened appreciably.

Shock for industry

Perhaps the "news" which made the industry sit up most was that from John Spencer (Burnley) which decided in September to close its weaving mill for shirting fabrics, the traditional mainstay of the company, and only continue its *specialised knitting operations.* The shock lay in the fact that the company was generally considered highly efficient, concentrating on a few specialised lines of merchandise, many of them destined for Marks and Spencer.

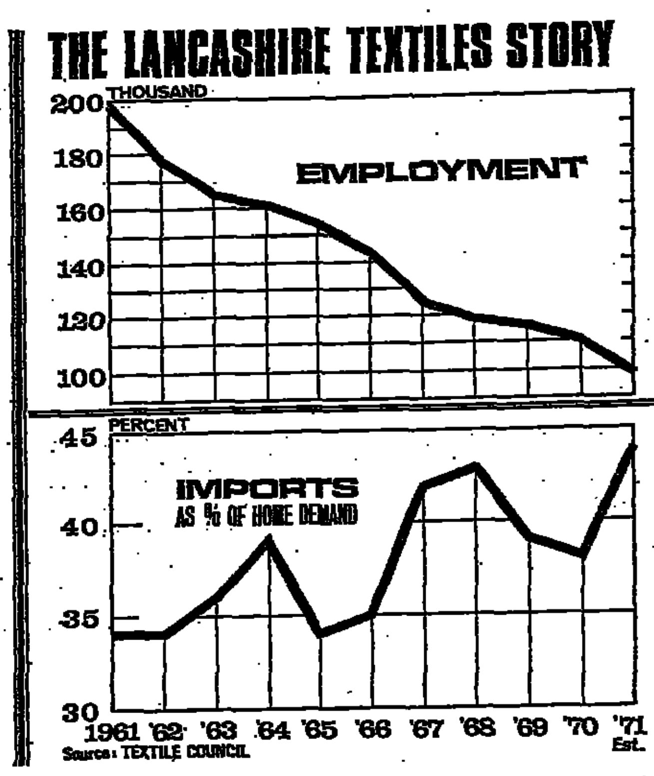
The company had, however, reached a point at which it had to pay more for its polyester/cotton yarns than importers were selling finished shirting fabrics. To continue in business it would quite simply have had *to pay its customers to take its* fabric in preference to imported cloth.

Many recent closures can be traced to the banks' more competitive lending policy. Banks have refused to renew overdrafts for some high-risk, loss-making mills whose ability even to reduce their borrowings was seriously in doubt. The banks can lend elsewhere at higher rates and with less risk.

Under these circumstances, the views of Mr. Edmund Gartside, managing director of Shiloh Spinners and president of the Oldham Textile Employers' Association, find an echo among many of his textile *colleagues. It was he who* claimed that a ¼m. jobs were threatened. He also called on the Government "to abandon all previous misconceived ideas which have largely been developed by junior civil servants with no practical working knowledge of the industry."

Mr. Gartside's views are well-known. His was the one dis*senting voice when the Textile* Council's comprehensive report on the cotton and allied textiles industry was published in 1969. Then, as now, he called for action for stricter limitation of imports as the primary condition for a healthier home industry.

He may have had little impact in the corridors of power or among *Opposition MPs but he* is certainly not alone in trying to exert pressure on the Government. Mr. Tom Normanton, MP for Cheadle and president of the British Textile Employers' Association, led a delegation of employers and trades unionists to see Sir John Eden a fortnight ago. What worried them particularly was the fear of growing unemployment in Lancashire if Government action was not forthcoming.



In many of the Lancashire textile towns such as Rochdale and Oldham, unemployment lies *now between 5 and 7 per cent.*, nearly twice the national average of 3.8 per cent. In itself the manpower shake-out comes as no surprise since the Textile Council's report forecast an average annual decline of 8.5 per cent. in the work force. Between 1969 and May this year, the rate was in fact only 6 per cent., but since then it too has *accelerated as a result of the* severe recession in the industry.

Apart from gaining the Minister's ear, the BTEA delegation can have got little satisfaction from their meeting. Sir John Eden agreed to set up *appropriate machinery for the* Government and the industry to maintain a close watch on imports—but that was all.

Ministerial headache

Textiles, especially the light variety made from cotton and man-made fibres which are Lancashire's speciality, have all the ingredients for a ministerial *headache.*

In Britain the industry is well established. Some sectors, notably clothing, are highly labour-intensive and thus at a competitive disadvantage vis-à-vis the cheap labour countries. *In the past this mattered little* because the poorer countries did not have their own textile manufacturing.

Since the war, however, and particularly in the last decade, Hong Kong, India, Pakistan, South Korea, Taiwan, and—nearer home—Portugal, have built up their manufacturing capability. Because cotton was the staple fibre of many of these eastern countries—and because it with man-made fibres accounts for most of the world demand for textiles—the products made there have been competitive *with the Lancashire industry*, rather than with Yorkshire's wool industry.

Initially, the effect of the poor countries' textile industries was to reduce Lancashire's export markets. By the late 1950s, however, goods were beginning to travel in the opposite direction in volume. That trend has continued with ups and downs ever *since*.

Almost alone among major manufacturing, the developing countries possess highly competitive textile industries. The same cannot be said of steel, engineering, oil refining or chemicals, to name just four. Not surprisingly the poor countries watch the policies of the industrialised countries most *carefully to see whether they* are allowed reasonable access for their textiles to the rich markets of the Western world.

A policy of reasonable access to the British market was set out in the 1969 Textile Council report which itself was responsible for recommending a switch from quotas to tariffs for Commonwealth textiles. The present *Government is if anything more* unlikely than its predecessor to reverse that decision or to cushion the blow overmuch.

Successive Governments have sought by various means to bring about an efficient, profitable industry. In to-day's terms that means in effect not competing head on with the high-volume, low added value, basically straightforward fabrics which are made more cheaply in the Asian countries. A measure of the progress being made by Lancashire emerges from the chart: although there is a long-term rising trend in imports of woven cloth and man-made fibre fabrics, the home industry still has over half the market while production rationalisation and mill closures have led to a big *reduction in the payroll.*

Without a major shift in Government policy, the trend is almost certain to continue. Low labour costs are an undoubted advantage to the Asians when it comes to competing here. The advantage shows up more clearly in the labour intensive making-up field so it is probable that a growing proportion of Asian cotton and polyester/cotton cloths will find their way here not as plain fabric but as ready-to-wear shirts, blouses *and household goods.*

Only part of the story

Labour cost differentials are, *however, only part of the story.* In some countries of the East, notably Pakistan, export incentive schemes are operated; in others there is always the possibility of exporting at very low prices to win hard currency while the home market price is artificially maintained. Paradoxically, however, it is the growing popularity of man-*made fibre/cotton blends* that has particularly damaged some British companies.

While ICI is quoting a U.K. list price of 61.5p/kg for its branded Terylene polyester fibre, Hong Kong spinners can buy a comparable unbranded fibre for 28p/kg. Because of a world synthetic fibre glut the international manufacturers have been *offloading their surplus capacity* at very low prices in the big consuming countries which have no home producer, such as Hong Kong. The domino effect works full circle when British spinners and weavers, potential customers *for the higher priced* branded fibres, are driven out of business by cheap imports from Hong Kong.

The fibres glut must have hit Courtaulds hard since it has spent £12m. on huge new weaving sheds and many millions more on spinning capacity so that it might compete head on with cheap imports.

It is easy to blame the Government for Lancashire's present troubles but in reality the problems go far deeper. A world textile recession, poor home demand, a glut in synthetic fibres, the desire of mill owners to hang on despite losses—all have contributed to the industry's daunting problems.

MEN AND MATTERS

Multinationals on the move

The circular sent out this month *to shareholders in the Patino* Mining Corporation, telling them that the company intends to shift its headquarters from Canada to the Netherlands, is the first tangible result of the argument going on in Canada between multinational corporations based there and the Canadian Government. The argument is over tax reforms scheduled to come into effect on January 1, 1972.

Besides Patino, based in Toronto, the Hunter Douglas Corporation, of Montreal, has also said it is moving to the *Netherlands. Massey-Ferguson* and Alcan Aluminium, both of them much larger companies than Patino or Hunter Douglas, *have told the Canadian Senate* banking and commerce committee about the damage that the reforms could, in their view, do to them.

The reforms will mean that companies in Canada that depend largely on income from abroad will face higher taxes, and there may also be higher taxes when these companies send dividends to *shareholders* in foreign countries. Massey-Ferguson has told the Senate committee that its shares would become relatively less attractive to Canadians, and this could result in Massey ceasing to be *controlled* by Canadians and instead come under the control of foreign, presumably American, shareholders.

The bulk of Massey's income is from the U.S. and Europe, and Alcan is in a comparable position. Patino, in its circular, says that the new Canadian legislation "will impose a heavier tax burden on the *company and its shareholders* on future income received from *non-Canadian operations.*"

As Patino's main interests are now in companies based in Europe—for example, Consolidated Tin Smelters in the U.K.—it is shifting its assets, and headquarters, to its Netherlands subsidiary. A point of special interest to students of multinational corporations is that the Patino company, originally set up to take over the mining interests of the late Simon Patino, who developed the major tin mines of Bolivia, has been "resident" in Canada for less than 10 years. It shows how mobile, and how sensitive to the relative state of tax laws, such international companies can be.

Betting on wirebars

How good are the experts at predicting market prices? Each year, just after the London Metal Exchange annual dinner, London metal merchants Rudolph Wolff hold a special sweepstake to guess the price of copper in 3 months' time. The dinner was held late last week, and as usual, the experts have produced widely differing views, ranging (for wirebars on January 21) from £350 to £550 —the present price is about £425.

The Americans tended to favour the lower level, the British the higher. Mr. Fred Wolff, chairman of the Metal Exchange committee and last year's runner-up, has tipped £456. Our Man in the Metal Markets has tipped a similar figure—£459.50.

This sweepstake is by now a tradition, and not untypical of Metal Exchange men. Another feature of their annual dinner is betting on the length of the speeches, won this year *with a bet of 36½ minutes for* the main speaker, the German banker Herr Abs.

In the copper price sweep, each participant puts up £1, winner takes all, making a prize of nearly £50. And you don't have to be an absolute professional to win it. Last year's winner was, it is true, the chairman of Rudolph Wolff Holdings—but he is Sir Charles Wheeler, not a metal broker at all, but former boss of the AEI electrical company.

The price of repentance

How far will a man go to salve his conscience? A man *who borrowed £5.50 from the* Leeds Permanent Building Society, Fenchurch Street branch in 1904, and never *repaid it, now wants to settle* his debt. He has offered to settle it with interest, and has suggested 7½ per cent. as a fair rate. Would the Leeds Permanent please work out how much he owed them on that basis?

They did, and the answer came out (depending on how you calculate it) at around £650. The Leeds Permanent is now waiting to see if the man's conscience is stricken to quite that extent.

Getting shirty with Rael Brook

Rael Brook, the shirt subsidiary of English Calico, has unwittingly got caught up in the Irish troubles. It has committed the crime (as the Northern Irish Protestant hardliners see it) of importing shirts made in Catholic Eire into Northern Ireland. As a rule, Rael Brook makes its own shirts for the *U.K. and Northern Ireland*, and licenses companies elsewhere (including Eire) to make its shirts on a royalty basis. So *normally, a shirt made in Eire* is never sold in Ulster.

But now one of the Protestant Belfast newspapers, the Loyalist News, *which encourages a boy*cott in Ulster on goods from Eire, has attacked Rael Brook as an embargo breaker, having *found in Ulster a Rael Brook* shirt made in Eire.

Mr. Jack Tyson, London merchandising director of Rael Brook, has worked out that sometimes, when demand in the U.K. is brisk, Rael Brook in the U.K. does bring in shirts from overseas, and has done so from Eire. These would not normally go to Northern Ireland, but the *offending shirt* seized on by the editor of Loyalist News, Mr. McKeague, was a "second" which went *into a sales lot that somehow* got to Belfast.

Tyson wrote to McKeague explaining all this, only to find the letter prominently displayed in Loyalist News, as proof that the trade embargo was working. As if this was not enough, the Rael Brook licensee in Eire was on the telephone the next morning, *asking in embittered* tones whether Rael Brook was taking sides in the Irish struggle. "You just can't win," says Tyson.

**!!*?

Would Lord Hartwell please explain the meaning of the line which appeared late last week in his newspaper, the Daily Telegraph, reading: "ge Ok Financial Times wfit bm bmm." Was the rest of the comment so unprintable?

Observer

FINANCIAL TIMES SURVEY

U.K. BANKING

CONTENTS

End of a monetary era

By M. H. FISHER

President Nixon's announcement on August 15 of the formal inconvertibility of the dollar against gold and the imposition of a 10 per cent. import surcharge marked the end of an era. It is perfectly true that the danger signals had been visible for some years previously. We tend to forget sometimes that the U.S. has had a balance-of-payments problem for more than a decade. In a sense one can argue that the death blow to the Bretton Woods system fell in March, 1968, when the operations of the Gold Pool were ended and the two-tier gold market instituted.

But as in the case of so many condemned structures, repeated attempts were made to shore it up. The fear of the unknown was sufficiently great to persuade the monetary powers that be that makeshift attempts to deal with crises as they arose were preferable to a determined effort at fundamental reform. Talk there was in plenty but the political will to act was lacking, notably in the U.S. where the Nixon administration maintained firmly that it was up to others to act to ease the strain on the dollar. Meantime, the Americans adopted a policy of "benign neglect" about their balance-of-payments problem.

In trying to assess the prospects now, it is important to remember that when President Nixon acted the compulsion was provided by the internal domestic situation and not by external pressures. The external part of the package appears to have been tacked on almost as an afterthought, though once the decision was taken it was clear that the surcharge and the discriminatory investment tax credit fitted in only too well with the overall objective. President Nixon, after all, when giving the grounds on which the surcharge was imposed, specifically cited the increase in U.S. jobs.

But if the old order is dead it is by no means obvious yet what the new order will look like, assuming that there is to be order. Last month's International Monetary Fund meeting generated an atmosphere of optimism. Mr. Connally, the U.S. Treasury Secretary, while giving nothing of substance away did indicate that the U.S. position might not be as inflexible as it appeared when the Nixon measures were first announced. And on the long-term at any rate there seemed to be a considerable measure of agreement.

Barber plan

Mr. Anthony Barber, the Chancellor of the Exchequer, put forward a plan in Washington which commanded widespread support. Presumably he had made certain beforehand that it would. Although he favoured some widening in currency margins he reaffirmed his view that a fixed parity system was desirable. But he acknowledged that in future there was a need to ensure that all countries, including the U.S., would be able to change their parities more easily. He suggested that currency parities should be expressed in terms of SDRs rather than the dollar and that over a period of time SDRs should supplant both the dollar and the pound as the main reserve asset. Finally, the future growth of world reserves should come through a controlled expansion of SDRs rather than from the payments deficits of reserve currency countries.

There may be a consensus thus on where we ought to be going but it is clear that the road will be arduous and beset with obstacles. Some of these, such as the question of a new official gold price, are more in the nature of psychological hang-ups from the days of old. But others are truly formidable, because while the problems to be resolved are monetary they do involve fundamental political issues. This becomes immediately apparent if one merely looks at the American demands: for a realignment of currencies, a removal of trade barriers—and a fairer burden-sharing in defence.

What this means is nothing less than a basic redefinition of the hitherto accepted relationship between the U.S. and Europe on the one hand, between the U.S. and Japan on the other. If one adds to this the inability of the Germans and the French to agree which has so far prevented the emergence of a common line among the EEC and the obvious internal politico-economic consequences of any parity changes the magnitude of the difficulties becomes all too clear.

In an ideal world of course the realignment problem would have been resolved by allowing the major currencies to float freely for a while in order to establish realistic parities. Once this had been done the discussions on the other issues raised by the Americans could have proceeded in a much better climate. And provided greater flexibility had, as Mr. Barber suggested, been built into the system, it would in theory have been easy to return reasonably quickly to some sort of settled order.

In the event and wholly predictably, those countries which were prepared to float at all—as against the French who went in for a dual system—were nonetheless determined to hold the appreciation of their currencies against the dollar to a level which still left them with some bargaining power. Even the Germans, who, on anti-inflationary grounds, had been quite happy earlier this year to see a substantial appreciation of the D-Mark have been showing increasing concern at the threat of a recession and have been intervening much more vigorously in the foreign exchange market in recent weeks.

Mr. Barber for his part found himself in the highly unusual position for a British Chancellor of having to explain away a huge surplus and assuring one and all that the U.K. balance of payments position was certain to deteriorate markedly in the not too distant future. How times have changed.

The position has changed in one respect for the better. There are signs that the Americans may after all consider a change in the gold price in order to sweeten the package for countries like France and Japan while they have also indicated that the surcharge might perhaps come off after the first—currency realignment—stage of the more comprehensive settlement they are seeking. The textile agreement with Japan and the resulting removal of the surcharge on textile goods also provide a ray of hope.

Timetable tight

Against that, however, the timetable is tight, for the nearer the election approaches the harder it will be for the American administration to lift the surcharge popular with industries and labour unions which have been under pressure from foreign competition. This is true all the more when the President is in the process of imposing the most complete set of price and wage controls ever seen in the U.S. in peacetime.

Even assuming that protectionist pressures, present not only in the U.S., can be contained, the problem of first agreeing on the size of the adjustment needed to deal with the U.S. deficit and then apportioning the burden of that adjustment among other countries is considerable. It is compounded by the American insistence that the whole of the adjustment should come on the current account, allowing a continuing and substantial U.S. capital outflow. Why, many countries ask, should we bring sacrifices, while allowing the Americans to buy up our industries out of the proceeds?

Nonetheless it would be wrong to be over-pessimistic about the chances of an agreement. The reason for this is quite simply that by now there is a general recognition of the danger that the hard-fought advances which have been made throughout the post-war era towards a freer world trade and payments system are now in jeopardy. Already a number of countries, including the U.K. have imposed payments restrictions. The U.K. now finds itself in the strange situation of having one set of controls designed to prevent residents from moving funds out of the country and another set aimed at stopping foreigners from bringing money in. On the trade side the demands for counter-measures to the U.S. import surcharge, whether in the form of export subsidies or counter-measures against American goods, are certain to become more insistent as time passes. This will be true all the more if the recent feeling that world industrial output is slackening became more marked.

World risks

Not only the rules established over the years through the IMF-GATT system are now at risk but also the future of world trade. There is not merely the danger of growing protectionism which is a very real one; there are indications that trade, particularly in heavy capital goods with long delivery dates, is already being affected by the uncertainty in currency markets. Thus the main hope for a return to more orderly conditions is that however difficult it may be to reach an agreed settlement the alternative of failure poses major economic and political risks for all countries.

FLOATING £

	£=Oct. 22	Percentage change since Aug. 13	on par value
U.S. $	2.49½	+3.0	+3.9
Can. $	2.49 7/16	+1.9	−3.9
Dutch fl.	8.36	−0.1	−3.8
†Belg. frs.	116.45	−3.0	−3.0
D. Mark	8.31	+1.4	−5.4
It. Lire	1,526	+1.6	+1.7
‡French frs.	13.75½	+3.2	+3.2
Jap. yen	821	−5.0	−5.0
Swiss frs.	9.91¼	+1.0	+1.2

Reuter revaluation index of the ten key non dollar currences against the U.S. $ is 7.3 per cent.
† Convertible. ‡ Commercial.

U.K. BANKING II

Jobs oust prices in economic priorities

By ROBERT COLLIN

The collapse of an accustomed relationship between the level of business activity and the rate of inflation, which leaves prices rising fast even when production is stagnant and unemployment high, is not a phenomenon peculiar to the U.K. It first became a cause of major political concern in the U.S., and it is not unreasonable to assume that the continuing U.S. payments deficit, together with successive attempts to ignore or control it, has been a means of transmitting the same concern to other countries.

But the U.K. has long been used to combining a relatively low rate of economic growth with a relatively rapid pace of inflation and has been hit correspondingly hard by the change in circumstances. The measures which our own Governments have taken independently have not made the situation easier: one has only to instance their blowing first hotter and then colder on the control of prices and incomes; their long refusal to devalue followed by a devaluation which led first to huge increases in taxation and severe tightening of credit and then to huge cuts and a major easing to rectify the consequences; and the almost light-hearted introduction of fundamental alterations in the tax system.

Swollen reserves

It is not altogether surprising that the principal components of economic activity have taken to fluctuating on a scale not experienced since the last war and that the business of forecasting and regulating the behaviour of the economy in the short-term has become much more difficult.

Not many people can have foreseen a few years ago, for example, a situation in which the U.K. monetary authorities would be forced to take a leaf out of the German book and actively discourage foreign short-term money—even after massive advance repayment of debt and successive reductions in Bank Rate—from flooding into London and swelling the reserve. This movement is admittedly the obverse of a flight from the dollar, but it would not be so pronounced were not our own balance of payments on current account so embarrassingly strong: the surplus this year is likely to be of the order of £600-£800m. The trade figures for the last couple of months suggest an even higher figure, but these will probably turn out to have been distorted by an abnormally high rate of export shipments to the U.S. in anticipation of the East Coast dock strike.

What is more important, from the point of view of those who are negotiating in the Group of Ten about alterations of exchange parities against the dollar, is that any surplus actually achieved in 1971 will greatly exaggerate the underlying strength of the U.K. balance of payments—not to mention the fact that a substantial surplus will be needed in any case to meet the foreign exchange cost of joining the EEC—because it will have been achieved at the cost of running the economy well below capacity. Last month's sharp rise in imports of manufactures, following the suspension of HP restrictions, is a first taste of what will inevitably happen as expansion proceeds. It remains to be seen how much the U.K. negotiators can get the underlying trend taken into account in the general eagerness to see the U.S. import surcharge removed as soon as possible.

Frame of mind

The balance of payments is not for once, however, a cause of immediate anxiety to the Government; the combination of sharply-rising prices with high unemployment is a cause—as public opinion polls and by-election results both demonstrate. The acceleration of the wage/price spiral is due to a complex of factors which includes the Labour Government's experiments (suddenly dropped with the attempt to reform trade union law) in prices and incomes policy; devaluation, with the higher prices and taxes which this brought about; succeeding attempts by industry and the service trades (undoubtedly helped by decimalisation) to restore profit margins; recent increases in the price of some imports, especially of foodstuffs; and, to sum up a complicated situation in a trite phrase, the development of an inflationary frame of mind.

The Conservative Government, though originally opposed to direct intervention on the Labour model, has already used its influence to hold up price increases demanded by the nationalised industries (thereby weakening their financial strength and efficiency) and has welcomed the initiative taken by the Confederation of British Industry in recommending its members to limit price increases to 5 per cent. between mid-1971 and mid-1972. The volte-face of the Nixon Administration suggests that Mr. Heath, too, may move closer towards intervention as the next general election draws nearer. In the meantime, wholesale prices have fallen slightly, retail prices seem to be levelling out at an increase over last year of about 10 per cent., and influential unions are still putting in consciously absurd claims for effective wage increases of up to 40 per cent. The bargaining atmosphere has not been improved by the quarrel between Government and trade unions about the Industrial Relations Act nor by the prospect of entry into the EEC, which is popularly regarded as another means of burdening ordinary people with a higher cost of living.

But if inflation is still a serious political problem, unemployment has become more important still. Nobody—either the politicians or their economic advisers — expected that the rise would be so sharp or that firms which had clung to their scarce skilled labour in previous recessions would now declare so much of it redundant.

The figure of "a million" unemployed which may well appear in the headlines this winter is bad enough. Worse, for those who look into the small print, is the analysis of the present unemployment situation by area, sex, age and duration: the number of middle-aged and older men in the development areas who have been unemployed so long as to be virtually unemployable, is steadily increasing. Local unemployment is a social rather than a short-term economic problem and its solution may require the creation of an economics department, like the late DEA, capable of standing up to the Treasury.

The present Government, at any rate, having chosen while inflation was still proceeding at a rapid pace to reflate demand through tax cuts, credit relaxation and an increase in social security benefits, is apparently convinced that further measures of general reflation would have little immediate impact on regional employment but might make the inflationary problem still more intractable. It is moving towards selective action and has already stepped up expenditure on public works in the areas where unemployment is highest.

But a more equal spread of prosperity through the country means an effective devaluation of poor areas against the rich —not so much the provision of subsidies for new industries, which tend to be capital-intensive, as the subsidisation of wages. The Conservatives, however, are pledged to phase out the regional employment premium gradually and it would probably not be permitted under the rules of the EEC, though Community policy about assistance to development areas is in a state of flux.

These are long-term questions which the unexpectedly sharp rise in unemployment has made topical and which the Government, even at this stage of its life, cannot afford to ignore. To meet the short-term situation, Mr. Barber has administered what is, by past standards, a hefty dose of reflation. The first results of this have already appeared, not only in the latest CBI survey (which finds that businessmen, though still planning to invest less and reduce their labour force, are more optimistic about the general outlook) but in the upsurge of consumer spending on cars and household durables which followed the suspension of HP restrictions. The Government's aim is to get the economy growing at a rate of 4-4½ per cent. between the first halves of 1971 and 1972: its ability to achieve and maintain such a rate of growth—and Mr. Heath told his Party Conference that "we stand now on the threshold of a period of growth and prosperity unparallelled since the war"—will depend largely on what happens in the world outside.

We are now moving over to a new and untried system of credit control. We still have major changes in taxation to introduce in the event of joining the EEC. But the point at which the period immediately ahead differs most from what we have known in the years since the war is that the international monetary system has temporarily broken down. Nobody knows whether it can be repaired without damage to world trade.

WHOLLY UNEMPLOYED: GREAT BRITAIN: DURATION ANALYSIS: AUGUST 9, 1971

Duration in weeks	Men 18 years and over	Boys under 18 years	Women 18 years and over	Girls under 18 years	Total
One or less	41,974	10,267	9,740	6,131	68,112
Over 1, to 2	35,626	10,117	7,972	5,830	59,545
Up to 2	77,600	20,384	17,712	11,961	127,857
Over 2, to 3	30,517	12,853	6,848	7,854	58,072
Over 3, to 4	27,959	7,742	6,169	4,443	46,313
Over 2, to 4	58,476	20,595	13,017	12,297	104,385
Over 4, to 5	27,072	3,336	5,785	1,961	38,154
Over 5, to 8	63,788	5,383	12,008	2,955	84,134
Over 4, to 8	90,860	8,719	17,793	4,916	122,288
Over 8	390,580	11,996	51,859	6,280	460,715
Total	617,516	61,694	100,381	35,454	815,045
Up to 8—per cent.	36.7	80.6	48.3	82.3	42.5
Over 8—per cent.	63.3	19.4	51.7	17.7	56.3

Rating the blue chips

By HAMISH McRAE
Deputy Editor, The Banker

Following the Tory Government's "lame duck" policy, the City has this year suffered a number of blows to its pride and pocket, the three most notable being Rolls-Royce: Upper Clyde, and the Mersey docks. At the time, predictably enough, there was immediate concern for other potential candidates for bankruptcy—and an understandable soul-searching into the reasons why such troubles should take the City unawares.

But now that the shock has passed the question is to whether these events have had any long-term effect. The City has certainly recovered self-confidence in its ability to assess credit risks, but have any lasting lessons been learnt? Is there anything to stop the situation occurring again?

An immediate impression is no. Ask any banker in the City whether the Rolls-Royce affair has affected his banks' assessment of credit risks and he will almost certainly deny it. Rolls —or Upper Clyde or Mersey docks—was a special situation. He may acknowledge that the City was slow to respond to the new Government's attitude to lame ducks. But both Rolls and UCS give him a stick to beat the previous Government with. The City, by implication, is absolved from blame.

Closer scrutiny

However if one inquires a little further it is quite evident that there has been a change in the last few months. Quite apart from the immediate scrutiny that merchant banks subjected their outstanding acceptances to, it is now apparent that the clearing banks are asking for more detailed information from their customers —in particular looking at cash flow projections. Balance-sheets are recognised as being only a photograph of a company's financial position, a photograph that may be misleading, and one which may be anything up to 18 months out of date. One bank has even set up a department that, among other things, educates companies to provide the bank with proper financial information.

What is wrong, however, is to link the growing sophistication of the clearing banks in the ways they look at company accounts with the fact that two of them lost some £16m. over Rolls-Royce. In this sense the immediate City reaction is right: the City has shrugged off the affair. Thus Lazard's involvement in the Rolls-Royce affair is regarded as "there but for the grace of God . . ." situation. This despite the fact that the bank had provided Lord Kindersley as chairman of Rolls (he was in fact chairman at the time the Lockheed contract was signed) to look after the City's interest there.

The best explanation of the change in the way banks are looking at company accounts is quite different. Expressed generally, banks in Britain have been moving closer to the U.S. pattern of credit assessment: away from the idea that the assets of a company are the important security against its borrowings and towards the view that it is the company's ability to generate earnings over say the next five years that must be studied.

This movement has been going on now for several years, limited by conservatism on the part of some bankers and by the fact that many companies, particularly smaller ones, are still not able to provide the

Continued on next page

U.K. BANKING III

Credit controls new-style

By MICHAEL BLANDEN

SUMMARY

The new arrangements for the control of credit in the U.K. came into effect on September 16. Some modifications were made to the original proposals as a result of the discussions between the banks and the Bank of England. But the basic points of the new policy remain:

1) the end of quantitative ceilings on lending, coupled with the end of the agreements among the clearing banks on deposit and minimum lending rates;

2) banks to maintain day by day a uniform minimum reserve ratio of 12½ per cent. of eligible liabilities";

3) special deposits may be called from time to time on a uniform basis.

Eligible liabilities are defined as the sterling deposit liabilities of the banking system as a whole, excluding deposits having an original maturity of over two years, plus any sterling resources obtained by switching foreign currencies into sterling. Inter-bank transactions and sterling certificates of deposit (both held and issued) will be taken into the calculation of individual banks' liabilities on a net basis, irrespective of term. Adjustments will be made in respect of transit items.

Eligible reserve assets will comprise balances with the Bank of England (other than Special Deposits), British Government and Northern Ireland Government Treasury bills, company tax reserve certificates, money at call with the London money market, British Government stocks with one year or less to final maturity, local authority bills eligible for rediscount at the Bank of England and (up to a maximum of 2 per cent. of eligible liabilities) commercial bills eligible for rediscount at the Bank of England.

Individual banks whose holdings of reserve assets have hitherto been well below the prescribed ratio have been given the opportunity of agreeing with the Bank appropriate transitional periods (not extending beyond the end of the year) during which their reserve asset holdings may be built up gradually to the prescribed level.

In all essentials the scheme for finance houses closely follows that for the banks. Eligible liabilities, as for the banks, will exclude deposits having an original maturity of over two years; however, as the houses remain outside the banking system amounts borrowed from banks will also be excluded, so that the liability to hold reserve assets and make Special Deposits is not applied twice to the same funds. The required minimum reserve asset ratio will be 10 per cent. instead of 12½ per cent., but the definition of eligible reserve assets will be the same.

The idea of undertaking a fundamental change in the Government's techniques of controlling lending has been considered for quite some time before the Bank of England produced its revolutionary document "Competition and Credit Control" last May. The subject had been discussed against a background of growing discontent among the banks and other lenders affected by the battery of controls built up during the years of credit squeeze, while the authorities on their side had shown themselves increasingly aware of the drawbacks of quantitative restrictions on lending.

The new system, announced in its final form in mid-September, answers most of the criticisms which were applied to the previous technique with its rigid ceilings on lending by the banks and other big institutions. The main complaints about the ceilings had come from the banks, which had been most seriously affected over the longest period of time.

At the height of the credit squeeze, when the banks were being asked to cut back their lending quite sharply, it was the problem of putting the Government's requests into action which caused most concern. Public warnings to the banks by the Bank of England were matched on the other side by the argument that the demands of monetary policy placed an almost impossible burden on the banks, with the danger that they would be put in the position of having to go back on arrangements already agreed with customers in order to keep their lending at the required level.

At disadvantage

Moreover, the banks had felt, the ceiling system put them at an unfair disadvantage against other lending institutions, even though the coverage of the controls had been broadened to bring in some of their competitors. In particular, the point was made that the banks, as well as the general controls, were subjected to special cash and liquidity requirements and calls to special deposits. The banks have become increasingly conscious of this problem following the development of their more profit-orientated outlook after the disclosure of their true earnings.

The most telling criticism of the old controls, however, which was recognised by the authorities as well as the banks and other lenders, was the stultifying effect they had on the development of the finance business. In their nature, the controls inhibited the development of competition among the lending institutions of all types, preventing those subjected to ceilings from achieving any significant growth and discouraging the development of new ideas and activities.

Meanwhile, the further set of controls imposed on the hire purchase business by the official requirements on initial payments and terms had become increasingly difficult to make effective as the personal loan became more and more a substitute for the hire-purchase contract. Though under voluntary agreement the major banks and finance houses were meant to observe parallel rules on personal loans, by the time the finance houses made their unilateral step to abandon this arrangement in June (before terms controls were lifted in the July mini-Budget) it was recognised that this control had become less than completely effective.

At the same time, the other restraint on banking competition, the "cartel" agreement among the clearing banks on deposit and minimum lending rates, had been under consideration for some months.

By the time the chairmen of the big banks came to make their annual statements to shareholders early this year, therefore, the ground had already been prepared for the later changes. Their comments at the time, on the desirability of removing what Mr. John Thomson of Barclays called "the straitjacket in which we are confined" anticipated the essence of the change outlined by Mr. Anthony Barber in his Budget speech in March and filled in in detail by the Bank's May paper.

The essential elements of the new system set out then and now in operation are designed, as the Bank made clear, to permit free competition in the credit business while at the same time enabling the authorities to keep a grip on the overall level of lending. They include chiefly the end of the quantitative form of control on lending, paralleled by the end of the banks' own restrictive agreements on interest rates.

Strictly defined

Control is now to be based on the establishment of a minimum fixed ratio of defined liabilities to be held by all banks and by the large deposit-taking instalment credit houses in a range of strictly defined reserve assets. On top of this, the authorities have the power to keep lending in check when necessary by using the mechanism of calls to special deposits, capable of neutralising whatever proportion of the institutions' funds is required.

An essential element of the new system is that credit should be rationed basically by its price—the rate of interest—rather than by the more arbitrary techniques of direction and control used under the ceiling system. A greater flexibility and volatility of interest rates is a necessary part of this concept; and in support of the new scheme steps have also been taken to increase competition in the money market and to allow the gilt-edged market—an important element in the structure of the banks' assets—to fluctuate more freely.

Basic framework

These basic elements of the new scheme were set out in the original paper, and have been changed very little as a result of the further paper giving details of the new system in September. For all the lengthy discussions which went on between the banks and the authorities in the intervening period, the basic framework had been fixed already.

Both the banks and the finance houzes have indicated their concern about some aspects of the system. The banks gained one modest concession, for example, getting company tax reserve certificates included in the assets eligible for inclusion in their 12½ per cent. reserve ratio. But they were unable to move the Bank of England on two other points which they felt to be important; both their cash in tills and the part of their fixed rate lending for exports and shipbuilding which is refinanceable at the Bank are still excluded from reserve ratios, giving them what they regard as a continuing competitive disadvantage against non-bank competitors.

The finance houses, again, are less than completely happy with having to find parallel reserve ratios, even though the Finance Houses Association managed to get the ratio for participating houses knocked down to 10 per cent. with a year's grace. It was as a result of this that some of the big houses, including UDT and Mercantile Credit, decided to seek full banking status.

In general, however, the banks could hardly do other than welcome the new system, since it clearly answers most of their criticisms of the former controls. Their initial reaction, and particularly their response to the ending of direct credit controls, has been predictably enthusiastic; the relaxation of lending was thoroughly anticipated at a time when the demand for bank advances has been noticeably depressed, with the active and successful promotion of lending particularly for consumer purposes.

Barclays' recent move to cut lending rates was designed chiefly to encourage the expansion of lending to the industrial and commercial sector.

So far, however, the new system is still in its transitional stage. The full impact of the new competitive climate can hardly be assessed until the system has worked itself in, and until the banks feel the urge to undertake a more obviously active competition on the deposit side than they have so far attempted.

The real test will come after the competition has had time to develop and the banks and other lenders have begun more active bidding for money, and particularly when the authorities next feel the need to put some restraints on lending. From the point of view of the banks in particular, the most important aspect of the new system is less the freedom it offers to lend now than the uniformity of treatment it promises for all lending institutions under squeeze conditions.

It is this which offers them the long-term incentive to undertake new developments of their business, in the confidence that they will not be handicapped and that their efforts may be reflected in their profits. On this score, the workings of the system will be important. There are, for example, some areas of doubt remaining from the original paper: these include the suggestion in "Competition and Credit Control" that the authorities might continue to offer qualitative guidance on lending, and the possibility of restrictions on bank competition for funds if it appears to pose a threat to the building societies. There will also be a major test for the new policy towards the gilt-edged market in these circumstances since any attempt to restrain lending is under the new system likely to imply substantial falls in stock prices if the squeeze is to be effective.

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ued from previous page ary data. But in recent s it has taken on a new ty. For at last British have not only begun to iate the advantages of g term loans instead of afts, but now that the al distinction between g and money market g has been swept away, actually been encouraged so.

he outsider the relation- etween the way banks their customers as credit nd the new credit controls ppear obscure. But it is ant, as the gradual ment of the overdraft ans for fixed periods is likely to be a major feature of British banking over the next five years.

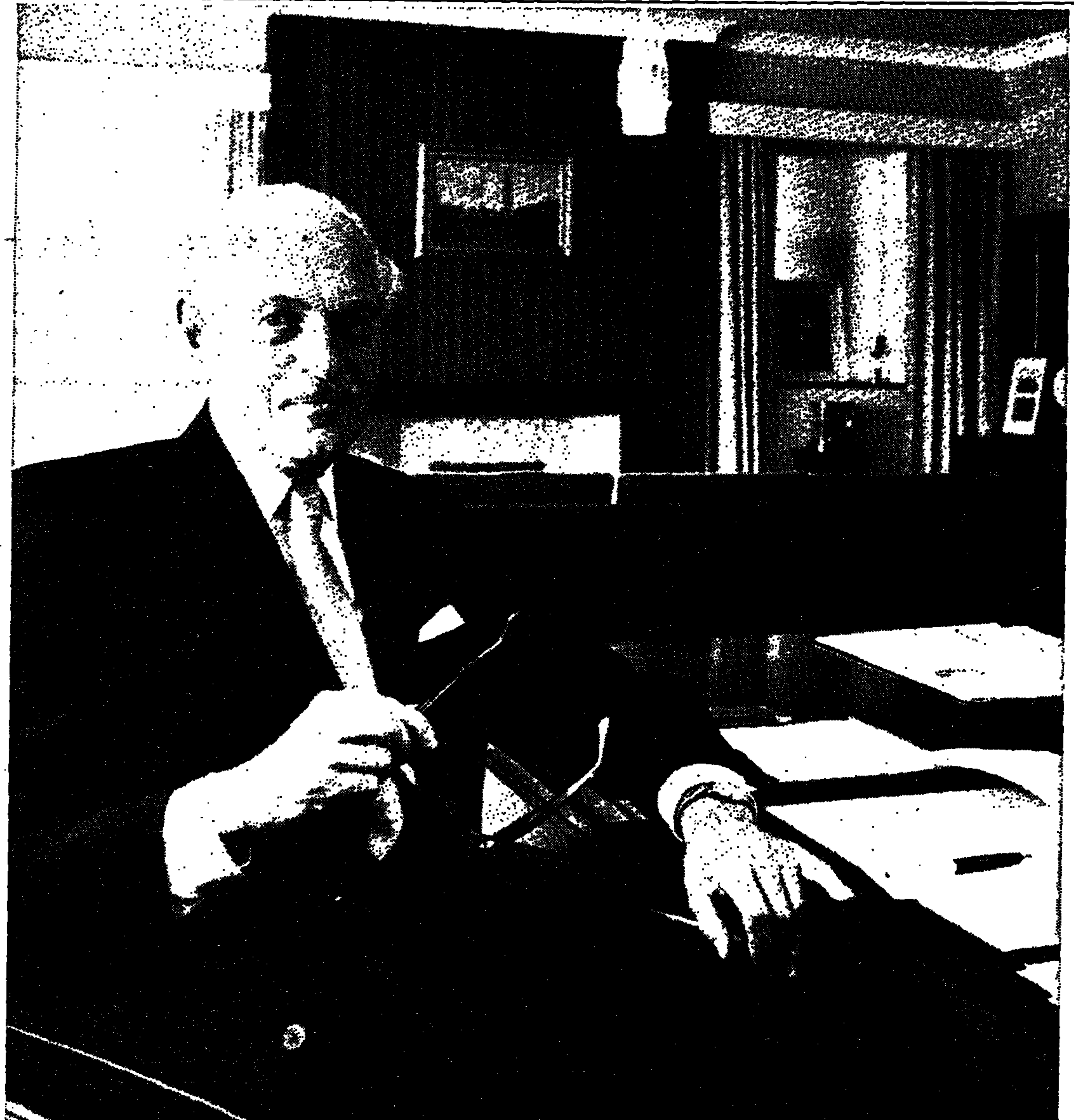
Put simply, the link works like this: while bank lending was limited by ceilings clearing banks could not transfer loans from the parent banks (which lent on overdraft) to the subsidiaries (which lent for fixed periods). They could in theory have made loans for fixed periods through the parent and indeed they did in the case of shipbuilding and export credits, and personal loans. But they were limited by the fact that the overwhelming bulk of parent bank deposits were withdrawable on demand or at seven days' notice. In theory, therefore, their loans had also to be repayable on demand. Hence the attraction of the overdraft.

Now however banks, under pressure to deliver profits, are anxious to transfer as much lending as possible into higher-priced term loans. The overdraft will remain for fluctuating borrowings, but the aim of the major banks is to shift the hard core of overdrafts—the one that in effect are providing the long-term capital of the company concerned—into term loans. They may have to wait until the next credit squeeze before they can persuade their customers to do so but this is their intention.

Emphasis shifted

In practice, a term-loan may be little different from a rolled-over overdraft. It does, however, involve the bank in making a commitment to lend for three, five, seven years, perhaps longer. It therefore wants to be sure not only of the company's asset position to-day but also of its projected earnings over the life of the loan. Hence the shift in emphasis from balance-sheet to cash flow.

Thus, though no one will openly attribute the tightening-up of the conditions on which banks lend funds to the recent failures it is just possible that the City is putting its system of credit assessment on to a sounder basis all the same. Whether this will give better warning of the next serious bankruptcy is another matter. But one thing is sure: banks will resist strongly any future governmental efforts to get them to lend against their better judgment. And they will see they have the ammunition to back their resistance.



U.K. BANKING IV

The borrower comes in for increased attention

By MICHAEL BLANDEN

The decision by Barclays to reduce the cost of its overdraft finance only a fortnight after the new era of free competition in banking came fully into effect was in some ways typical of the present situation in banking. For various reasons, connected both with the historical development of banking and with current circumstances, it has been the borrower rather than the depositor or other lender who has, over the past few months, been in the forefront of the bankers' thoughts.

To a degree it is not really possible to separate the two sides of a bank's activities. Taking in deposits and lending money are both essential parts of the whole package which the bank is able to offer its customers. In this sense, Barclays' move—and the whole trend towards making credit more easily available, particularly to the personal customer—can also be seen as an effort, not merely to lend more money, but generally to bring in more customers. Barclays itself is aware that in cutting its deposit rate in line with the reduction in lending rates it is taking a commercial risk on being able to attract enough funds to support its lending. But it points out that by lending more it will be creating more deposits at the same time.

Nevertheless, it has been the borrower who has been particularly favoured, largely as a result of the new rules introduced by the Government for controlling lending.

Developments on the consumer side have for fairly obvious reasons received the greatest amount of publicity, and anticipated the implementation of the new credit rules by some months. Encouraged initially by a rather less restrictive ceiling introduced at Budget time, and then by the promise of release altogether from ceiling controls, the banks rapidly developed their consumer lending packages to increase a part of their lending which they all felt had been particularly and unfairly restricted during the years of credit squeeze.

Basic technique

The traditional overdraft form of finance remains the basic lending technique used by the banks, and is still available as the normal form of secured lending. Lloyds, moreover, has stood out from the trend by tending to stick closer to this form of finance. The major development, however, has been the refurbishing and publicising, to considerable effect, of the personal loan schemes which the banks first brought in over a decade ago but which had been held back during the squeeze years. With fixed rates, fixed terms, unsecured and usually incorporating life assurance provisions, this formula has provided a main vehicle for the recent development of consumer lending.

Part of the attraction of the personal loan to the banks is undoubtedly the rather better interest rate it offers them; quoted on a flat basis, rates normally work out on a true basis at perhaps 3 or 4 per cent. over the normal individual overdraft rates. But the formula itself is also an attraction, offering a technique well suited to the extension of lending outside the relatively small group of people accustomed to the traditional banking methods, and to the offering of loans to non-bank customers as Barclays, in a small way so far, has already started to do.

The refurbishing of the Barclays personal loan scheme, closely followed by the Midland as well as the Co-op and other banks, brought higher individual ceilings for personal loans and longer terms which have already had a marked impact on lending.

At the same time, other relatively new aspects of consumer lending are being developed. One type falls under the general heading of revolving credit. The "instant credit" account brought in by the Co-op in May is in some ways typical, offering a fixed credit limit geared to agreed monthly repayments, enabling the customer to make use of the facility up to the limit at any time at an interest rate of 1½ per cent. a month. This is paralleled, for example, by the facilities offered by the First National City Bank through its National City Trust operation.

The Barclaycard, developed increasingly as a credit instrument, in effect offers a similar service at similar cost. The other three big banks, Natwest, Lloyds and Midland have this year announced their intention of bringing in a joint card as a rival to Barclays, with the express intention of using it as an instrument for providing consumer credit, and with the present situation it is likely they will try to accelerate its introduction to take full advantage of the new lending freedom.

The other major trend which has become evident is the move towards longer term lending by the banks, both for individual and corporate customers. Medium term lending, as Midland pointed out immediately after the new credit controls were brought in, "will become a much more prominent feature of the bank's business." Midland and National Westminster have both indicated their willingness to provide short or medium term mortgage facilities for people in circumstances where the building societies are not geared to operate, for terms of up to 10 years. On a similar line, Williams and Glyn's has moved out with its recently-announced special lending schemes linked with the Baxi central heating systems and with the North Western Electricity Board.

If the consumer borrower has received the most public attention recently, however, it has not meant that the banks' important industrial and commercial customers are being neglected. The needs to be met are rather different; the market here is rather more sensitive to the actual cost of money, and less susceptible to being wooed by attractive packages. It is precisely this point of view which lay behind Barclays' cut in interest rates. The bank's major aim was to encourage the industrial and commercial customers to borrow more; while consumer lending has been on a marked upward trend in recent months, the industrial sector has continued to be obstinately depressed. By its timely move, Barclays is hoping to encourage more industrial borrowing—and no doubt to try to gain a competitive edge in this sector of its market.

Industrial loans

Under the pressure of profits disclosure, the banks generally had already been taking action to rationalise their industrial lending: in particular, to persuade companies which had persistently maintained a substantial amount of "hard-core" borrowing to fund their capital (or to pay a more appropriate interest rate than overdraft rate for these borrowing facilities). With the new freedom, the industrial side of the banks' lending operations will come in for a process of improving the packaging and the service provided parallel with the developments on the consumer side.

NatWest, for example, brought in last April its special business development loan scheme providing finance for small- to medium-sized businesses. Barclays, again, has announced extended facilities for medium-term lending, leasing and factoring for industrial customers. The trend will be increasingly towards the provision by the banks of a whole range of lending services including the overdraft and other specialised forms of credit and taking in instalment credit, capable of being tailored to the individual needs of industrial customers. The package of lending services available on top of the basic overdraft and loan facilities was summarised by Mr. Alex Dibbs, deputy chief executive of NatWest, at the beginning of October.

They include medium-term mortgage finance, finance for property improvements, personal loans for consumer spending, business development loans plus the facilities available in this case from the bank's own substantial instalment credit subsidiary.

The trend will therefore be towards the further development of the range of lending techniques available, and their presentation in new forms to customers. Immediately, also the effect of the new situation has been, following the Barclays lead, to introduce the promise of a lower cost of bank borrowing.

Flush period

In the longer term, however, this may be contradicted. The situation at present can be regarded as in several ways exceptional. The banks have been let off the leash at a time when they have substantial spare funds available for lending, with the result that their first concern has been to get the money moving out to customers. They are aware, however, that the superabundance of funds is unlikely to last, and the banks, while pushing their lending, are also getting prepared for a time when it will be necessary to go out and compete in the deposit market for money in order to sustain their growth.

For a time, they may be prepared to see their profit margins temporarily reduced in the interests of gaining new business, but in the longer run the pressure of interest rates seems likely to be upwards from their historic levels rather than downwards. Bank credit, in the traditional overdraft form, has normally been cheap. It may be less so in future; this, moreover, would be in tune with the essence of the new credit control system, which lays the emphasis on rationing credit by price—the rate of interest—rather than by arbitrary rules. The result of the new situation may be better service for bank customers, but it may also mean in the long term, as the credit market particularly for the consumer becomes less fragmented, that the cost of borrowing from the banks will be relatively higher.

London's future role in Europe

By KENNETH GOODING

Whether or not Britain joins the Common Market there is no doubt that the U.K. banks will play an increasingly important role within the EEC. That is the view of most British bankers, who appear generally optimistic about the prospects in Europe. But should they be? That is the question which becomes even more relevant with the arrival of a report on banking developments in France, Belgium, Holland and Germany in the context of the evolution of the EEC.

The report, by four British bankers, discusses, for example, the possibility of London becoming the financial centre of an enlarged Common Market. The bankers point out that much will depend on the form which any future common currency might take and the way in which the infrastructure of the EEC develops—in particular, the rules for capital movements will be of great importance.

They then give this warning: "The danger exists, from the British point of view, however, that London will lose out to its European competitors and it is one that should not be overlooked."

Filling in the background, the report maintains that at present London "by virtue of its skills, broad and flexible markets and its position at the centre of the Euro-dollar market, is still the most important financial centre in Europe, perhaps in the world." However, other EEC centres are developing rapidly and some may one day seriously challenge London. "Much of London's strength lies in its capital market—but if a central Issues Committee is established, which lays down a code of rules for the capital markets of Europe as a whole, this may inhibit London's traditional flexibility and as a result it may well lose much of its present competitive advantage," the report declares.

Common currency

This would particularly be the case if such a code were set up concurrently with the introduction of a Common European Currency which, by partly replacing the dollar would erode the basis on which London has survived the decline of sterling as a world currency.

The bankers who produced the report were Mr. Jonathan Davies, Mr. Michael Hoare, Mr. David Poole and Mr. Peter Readman. The paper contains the findings of a research project undertaken in the spring of this year by the group at INSEAD, the European Institute of Business Administration in Fontainebleau—their objective was to find out as much as possible about the development of banking in Europe in the four months available. They were able to discuss the subject with directors and chief executives of some of the leading banks in Europe. "The intention was to obtain at first hand the views of those directly concerned rather than merely relying on previously published material," they state. Some financial support for the project came from Samuel Montagu while the cost of printing the report and circulating it among the banking community was borne by Charter Consolidated.

Other centres

In their examination of London's future role they examined the claims put forward in support of Paris, Brussels, Amsterdam and Frankfurt as possible financial centres for the EEC.

As far as Paris is concerned the report maintains that de Gaulle's plans to establish it as the financial heart of the Common Market failed largely because of the strict control which is exercised by the Government institutions such as the Ministere de Finance on the whole French financial system. "It was generally agreed both in Paris and abroad that unless a much greater freedom is permitted to the interaction of normal market forces, Paris will continue to play a relatively minor role as an international centre.

"As one American banker put it: 'In France you may only do those things which have been specifically permitted by the regulations—not a climate within which much can be achieved. If you don't speak French perfectly you might as well go home'."

Because of its position as the administrative centre of the EEC, Brussels finds more supporters who point out that many international corporations have established themselves there and maintain that where industry goes, so must banking. However, the report adds: "The narrow nature of the local markets will prove an insurmountable block unless rapid developments occur in the near future. Furthermore, it is said the other member States—and particularly France—would be unwilling to see a further concentration of EEC power functions in Brussels and would tend to support moves to inhibit such a trend."

The case for Amsterdam includes its well developed local markets which have "many of the Anglo-Saxon characteristics of flexibility, breadth and range." Once again there are many international companies based there. But in international terms Amsterdam is small and the feeling is that it will build on its close relationship with London and develop into a powerful regional centre for Europe—not THE centre itself.

Finally, there is Frankfurt, which only recently emerged as the centre for Germany itself. Frankfurt is small but one of the most significant features in its favour is the strength of the Deutsche Mark and its growing use as an international currency with many reserve characteristics. But the report points out that it is not necessarily the case that the nationality of a currency determines the siting of its market, as the Eurodollar would seem to indicate.

"What matters is the size, range, flexibility and placing power of the financial centre. On these grounds it is hard to see that London will be overtaken," it concludes.

U.K. BANKING V

How much on your money

By MICHAEL BLANDEN

A better deal for savers was one of the main arguments of the proponents of ending the agreement among the clearing banks which fixed the maximum rate of interest on deposit accounts. Now that the agreement has actually ended, there was little initial sign that the small depositor using this bank facility would be getting substantially more for his money in the new competitive climate of banking. Indeed, one major move affecting the small customer holding money on the traditional seven-day deposit terms with the banks has been in the other direction, with the cut in the interest rate to 2½ per cent. which Barclays brought in at the same time as its reduced base rate.

For most depositors, unless they are able to offer the banks substantial amounts of money, the return they are able to gain on these terms remains a modest 3 per cent. At this level, in fact, they are little better off putting their money on deposit account than they would be keeping it on current account—provided they carry out enough transactions to justify it—where they would be likely to get a notional allowance on their balance at roughly the same level to offset against their charges.

The rate of interest, however, is plainly not the only factor which influences bank customers, including many companies as well as individuals, to keep money on deposit. Under the old regime, the deposit rate was fixed at 2 per cent. under Bank Rate, a level which normally would not compete directly with returns available on other savings outlets. But the banks have succeeded over the years in increasing the size of their deposit accounts and the proportion of their total funds which they contribute. It may be partly inertia which keeps this money in the banking system; but the banks can also claim that the deposit account has positive advantages for the customer with money temporarily to spare.

Midland Bank, in the first move following the end of the cartel, concentrated on the larger depositors in offering rather better interest rates—3½ per cent. over £10,000 and 4½ per cent. over £25,000. In making this move, the bank was in part looking ahead in anticipation of the development of a more intense competition for funds. At present the banks, with ample spare money available for lending, are under no immediate pressure to start a battle for funds.

Plans in mind

There is no doubt that they all have plans in mind to help encourage customers to invest more money with them. But they are reluctant to open a competitive situation on the main bulk of their seven-day funds. The bankers have argued frequently in the past that a move in this direction would probably end up merely by increasing the cost of their funds without bringing about any substantial increase in the total amount of money available to the banking system as a whole.

The inducements the banks will offer to savers, therefore, may concentrate on special schemes for particular types of deposit. Barclays, when cutting its deposit rate, left untouched the rate of 4½ per cent. it offers on its special savings-scheme up to £250. And it is in this area that the banks may look for new developments.

The general package which the banks offer to attract and retain customers will include schemes which provide better interest rates for money committed for a fixed period of time, or for a commitment by the saver to a regular weekly or monthly amount. There may be further refinements to the savings plans, on the lines perhaps of the Royal Bank of Scotland's scheme recently introduced offering linked loan facilities with a regular savings plan.

The area in which the banks have been putting their main immediate effort is the large deposits on the scale which Midland was trying to attract with its increased deposit rates. It is an area where, as Mr. Leonard Mather of the Midland pointed out, the banks are already thoroughly accustomed to acute competition.

This is money, in lumps of £10,000 upwards, which is sensitive to variations in interest rates. Usually through specially established subsidiaries, the clearing banks have already been dealing in this type of funds, taking in large deposits for fixed periods of normally a month upwards at market rates. It is an area where all the major financial organisations of the City, foreign as well as U.K. banks and other borrowers, are anxious to keep a substantial interest.

Midland's move to co-ordinate its deposit taking activities through its newly established money market division (based on the previous Midland Bank Finance Corporation operation), reflected particularly this aim. It was interesting too, that Midland brought the sum of money it is prepared to consider for money market treatment down to £10,000 from the £25,000 which had previously been normal, a move in which it was accompanied by NatWest.

Minimum lowered

The implication of these developments should be that competition among the big banks, and between them and their rivals, will be more intense. The trend suggests that as competition develops, it will be increasingly easy and common for a bank customer to be able to request, or to be positively offered, special terms for his funds, as the banks become more and more flexible in their approach to seeking deposits.

It is in this direction that the major impact of the new freedom in banking is likely to be felt in interest rates. It implies that the money and capital markets generally may be subjected to wider and more frequent swings in rates and prices as the demand for funds changes. If the rationing of bank credit is to rely more in the future on the rate of interest, then it is in the logic of the situation that the rates the banks pay should equally vary much more closely with their needs.

This is most obviously important in the context of the gilt-edged market, where the new credit control policy is recognised to imply a greater volatility of prices. So far, the new policy towards this market has not been tested; with the strong demand for Government securities which has been in evidence this year, the withdrawal of official support for long term gilt-edged stocks has not been a factor of prime importance.

The new rules have already had one effect in the money markets, however, in the reassessment of the various types of security and the relative rise in the value of those which count towards the banks' reserve asset ratios. The full test will come when the authorities find it necessary to put into effect the provisions they have made for keeping bank credit in check.

Test of nerves

The policy of limiting official intervention in the gilt edged market is an essential part of the new credit control system. It may provide a test of nerves for the authorities the next time credit is put under restraint; but gilt-edged prices have in that situation to be allowed to fall to their natural level, and interest rates to rise to the level which will keep borrowing at the rate which the authorities consider appropriate. In these ways, the new techniques of credit control, and the greater freedom of banking competition they are designed to encourage, are likely to be the most important influence on the whole shape of the sterling money markets over the next few years.

Plenty of funds for advances

By WILLIAM KEEGAN

If there is any correlation between the frequency of bank robberies and the degree of credit restraint, then Scotland Yard ought to be relaxing at present. During most of the nineteen sixties, and particularly during the post-devaluation period, the banks were operating under some form of credit ceiling which forced them to ration their advances to both industrial and personal borrowers. But in recent months they have been flush with funds, and a few weeks ago the official ceiling was finally removed.

In disbelief

Banks are now actively courting borrowers in nearly all sectors of the economy, and some staid members of the banking profession are rubbing their eyes in disbelief that the era of competition is being taken seriously. The first formal demonstration of the new situation was Barclays decision to cut its base rate for lending spontaneously, without consulting the others. The Bank of England, of course, was given prior warning.

The ending of the banking cartel is one of the best practical examples of the present Government's avowed beliefs in the benefits of greater competition. It could have occurred during a period of tight credit policy, although it would probably have been more difficult to introduce in such circumstances. But the fact that both the banks and the Government are trying to encourage bank lending now is a quite separate issue. In the last 12 months we have seen a fairly rapid switch in official monetary policy from one of restriction, to a fairly passive approach and —recently—to one of active expansion. And so far the monetary authorities have had about as much success in persuading industrial companies to increase their borrowing as they had in the initial stages of the previous restrictions, when ceiling after ceiling was exceeded.

In November, 1970, the Bank of England called for an extra £100m. of special deposits, thereby raising the proportion of their funds which the clearing banks had to keep in this form at the Bank to 3½ per cent., and reducing their average liquidity ratio to 31.6 per cent. As it turned out, the cumulative effects of official exhortations were never really put to the test. The advances manager of one of the big banks was able to tell the Financial Times at the end of March this year that: "After advances reached their peak last year we fought hard to get them down. But it's fair to say that in the last three months the demand has not really been there. Commercial customers are a bit frightened to invest at the moment."

The position in March was that lending under the restricted sector had risen by only 3¾ per cent. in the previous 12 months, to a point where it was 1½ per cent. below the target ceiling. The official guidance for the second quarter of this year was that advances should not rise to more than 107½ per cent. of the base-level set in March, 1970, and in the event the figure reached by June was a little under 105 per cent.

The Government was by this time worried about the sluggish response of the economy to Mr. Barber's expansionary Budget in March, and announced that lending could rise to 110 per cent. of the base level by September. The banks, therefore, had some £250m. available for lending during the next three months, and plenty of efforts were made to advertise the situation.

Personal sector

Advances did creep up during the third quarter, with much of the impetus coming from demand by personal borrowers. Private individuals account for only a little over a quarter of total bank lending, but in the three months May-August personal overdrafts rose by not far short of £100m. (not seasonally-adjusted) and at least half of the adjusted £70m. increase in advances between mid-August and mid-September appears to have been in the personal sector.

As a result of cost-cutting exercises and a revival in profits, company liquidity was in a somewhat healthier state by the third quarter than it had been a year earlier. But there are no noticeable signs of an increase in the demand for bank finance for capital investment or stockbuilding. During the year to mid-August —the last month for which a full breakdown of the figures is available—bank lending to manufacturing industry has gone up by only 3 per cent., whereas advances to the financial sector had risen by 34 per cent. and personal overdrafts by 23 per cent.

Last month the banks were still in an extremely liquid position. Under the new system they must have a minimum reserve asset ratio of 12½ per cent., but the actual average was about 16 per cent. Most of them maintained that industrial demand for bank advances was still depressed, and the underlying position does not seem to have changed very much in recent weeks. The general assumption seems to be that it will be next spring at the earliest before there is a marked upsurge in the demand for bank finance corporate borrowers. Meanwhile, the existing situation for personal borrowers seems almost too good to last.

U.K. BANKING VI

Scope for merchant banks

By KENNETH GOODING

The new atmosphere of competition throughout the whole of the credit field in the U.K. does not frighten the merchant banks. To begin with, they have always been intensely competitive among themselves in the search for deposits, investment funds to manage, and new corporate customers. Again, the new climate is one which encourages a bank to led as much money as it can so long as it can attract enough additional deposits to cover its reserves requirements. This should lead to an era of innovation—and innovation has always been one of the merchant banks' traditionally strong virtues. They have always been quick, flexible and able to give a decision to-day instead of next week.

But the changes this year are bound to intensify the competition merchant banks face from outside their own particular sphere where, in any case, the boundaries were beginning to get very hazy. For some time now the big deposit banks, including those from the U.S. and European international groupings, have been muscling in on merchant bank territory. The time is now ripe for an even bigger push by the U.K. clearing banks. To take one example: for years the merchant banks profited from the clearers' determination to stick to a fixed rate of interest on deposits. Merely by adding ½ per cent. to their own rates the merchant banks were able to syphon off deposits from the clearers.

The clearing banks' answer in the past has been to set up a number of fringe operations—subsidiaries able to offer competitive rates for deposits. Now the clearers themselves can get involved in a deposit-getting war if they make up their minds to.

Suitable staff

And the clearing banks' determination to offer a full range of financial services has fixed their eyes on the merchant banking field as one they should invade themselves. National Westminster relaunched its wholly owned subsidiary County Bank as a fully fledged merchant bank in 1969 but those other clearers who want to follow suit face one major problem—recruitment of suitable staff. Essentially, merchant banks are made up of a small group of men, all highly skilled, working closely together and yet able to commit the bank independently. Such men do not feel at home in the clearing bank atmosphere. The clearers would also have to take a different view of salary scales, for the expertise of the merchant banker is very highly rewarded compared with, say, the average branch manager.

Even with the right staff it takes time to build up confidence in the new team—five years at least seems to be the minimum, although it is true all those clearing bank branches can help build up some parts of the merchant banks' activity, as County Bank knows to its benefit. The alternative is for the clearing banks to go out and buy either a large stake in a merchant bank or to acquire 100 per cent. The drawback here is that merchant banks are generally expensive businesses to buy if they are successful. Any purchase would include a large sum under the heading "goodwill" (after all, merchant banks are essentially mobilisers of funds and do not themselves operate from a large capital base) and who is to say that the goodwill would remain, especially if the clearer took 100 per cent. control. There is nothing to stop the ready-made team which was so expensive to acquire from splitting up as the staff completed contracts and went their separate ways.

So the merchant banks have no real fears about clearing bank competition and some see a potential conflict of interest where one organisation is faced with providing both financial advice and overdraft finance.

But the clearing banks will most certainly mop up some of the merchant banks' existing operations and the threat of the U.S. banks and the European groupings remains. The merchant banks vary in their approach to the competition they see developing in the future. The attitudes range from that of Hill Samuel, which advocates the "financial supermarket" idea—a wide range of financial services under one roof—giving a broad enough base from which to launch a worthwhile overseas operation, to that of Robert Fleming which three years ago took a policy decision to restrict itself to two main platforms—investment management (where it is already a leading force handling funds of over £1,000m.) and corporate finance.

Somewhere in between come banks like Samuel Montagu which believes the "supermarket" range of financial services can best be achieved by forging links with other institutions, an attitude reflected in its association with Midland Bank and Pearl Assurance. There are differences of opinion about just how strong these formal links should be—particularly between merchant and clearing banks. The majority opinion seems to be that it should not be 100 per cent. but that 30 per cent. (the Midland stake in Montagu) is not enough, especially if Midland and Montagu begin to tread on one another's toes in the wholesale credit field where they come into direct competition.

Investment link

The partnership idea can also be used for international expansion by the merchant banks. To take one example—the association between Robert Fleming and Jardine Matheson, the Far East trading group based in Hong Kong and quoted in London. Jardine wanted to get into merchant banking while Fleming wanted to build up its Far East investment activities, particularly in the plum Japanese market. Jardine-Fleming was formed on a 50-50 basis and has been highly successful as an investment bank building up funds handled to U.S. $100m. in the two years since it was set up, mostly in Japanese securities. This has led to an office being opened in Tokyo recently and the taking on of a representative office in Singapore. The point is that neither of the partners in this venture could have possibly hoped for this kind of success if they had gone it alone—and this is the philosophy behind all similar schemes in which the U.K. merchant bankers have become involved.

Hambros Bank represents a situation where a merchant bank has opted for a mixture of the "supermarket" services at home while taking the partnership route abroad. In the U.K. it has a comprehensive range of financial activities, including unit trusts, property investment and insurance, while overseas it has subsidiaries or shareholdings in banks and financial companies in almost every corner of the globe.

Italian entry

The most recent example of this attitude came in June when Hambros and some of its international clients bought control of one of Italy's main financial and holding companies, La Centrale of Milan. The deal was designed to provide Hambros with a major entry into the Italian financial and industrial market while at the same time giving it home-grown expertise.

Like Hambros, most of the major merchant banks look to the growth of their international business as an important part of future operations. This will become more true with the increase in multi-national companies whose enormous financial needs will require servicing by international banking consortia.

Whether Britain goes into the Common Market or not the merchant banks feel they will have an essential rôle to play in the Market and maintain their operations will be deeply influenced by its future development. At present the legal and tax obstacles make it impossible for true mergers to take place across Common Market frontiers but work is going on into the harmonisation of merger legislation so that in future truly European companies might well be formed.

Cross-frontier developments

By a Correspondent

International banking is a relatively new phenomenon. Its birth goes back to the mid 1960s when leading American and European banks established ties basically for the exchange of information. The relationships in most cases have proved durable and moderately successful in setting the stage for the creation of the even newer international financial institutions which are becoming a growing feature of world banking.

Much of the credit, if one can call it that, for the new shape of banking on an international scale must go to the ever-increasing demand of the emergent giant corporations for capital and the growth as a consequence of this, of the Euro-currency markets. It was natural that in the mid-1960's the leading American and European banks should effect tie-ups whose main purpose was the exchange of information rather than step immediately into the deeper waters of closer relationships.

Testing the water proved a useful preliminary exercise in many cases, creating the necessary understanding of differing banking philosophies and establishing the type of working relationships indispensable to an establishment of closer ties.

Ultimately there were many cases of co-operation between the large American and European commercial banks operating across frontiers to satisfy customer requirements for funds obtainable on a variety of markets but not easily accessible to one bank, even the largest, acting on its own. This co-operation often took the form of establishing financial institutions in which two or more banks were participants. These institutions largely concentrated on medium-term and long-term financing dipping into the Euro-dollar market when required or co-operating in fund raising operations on the German and Swiss capital markets.

Undreamt of

In the past two years there have been some fairly spectacular tie-ups—the two most talked about being the formation of the Orion Group with Chase Manhattan, National Westminster, Royal Bank of Canada and Westdeutsche Landesbank Girozentrale the original participants and the across-frontiers link of Credit Lyonnais, Commerzbank and Banca di Roma. In all cases the desire appears to be to provide a full range of international banking services on a scale undreamt of a decade ago.

Notable absentees from the multinational banking network currently are the Japanese. The largest banks such as Fuji Bank and Bank of Tokyo would undoubtedly jump at the opportunity of joining an international bank group but administrative restrictions have been largely responsible for preventing the Japanese so far from tying up freely with such banks. However, the first tentative steps towards the broader based internationalisation required have been taken in London with the establishment of two merchant banks—Japan International Bank and Allied Japanese Bank International. These two institutions were created through the co-operation of both Japanese banks and securities houses.

Although the multinational banking consortia development has many adherents, it also has its detractors. Many banks, for example, believe there is a danger that internal bickering may result in considerable damage being done to the banking institutions involved. Nevertheless, the trend to bigness has become firmly established and the next stage taking a longer term view is likely to be full cross-frontier mergers particularly within an enlanged Common Market where the dream of European monetary and economic integration could become reality.

Similar tie-ups

A more recent and immensely interesting development was the linkage announced recently between Chemical Bank and RTZ Consultants, a subsidiary of Rio Tinto Zinc Corporation. They are combining their resources to offer industry their joint expertise and programmes for corporate planning and financial "problem solving." The RTZ Consultants-Chemical Bank service will be available to companies throughout the world. The success of such a link could pave the way for similar industrial-type tie-ups between major banks and corporate entities adding a new dimension to the concept of international banking.

The general trend toward international banking provides interesting speculation about the likely influx of further foreign banks to London. The prospect of mergers among partners in the multinational groupings, and the likely force for rationalisation they represent on a national basis may result in cost-cutting exercises in the form of reduced branch representation overseas. German banks, for example, have currently no branch representation in London possibly feeling that their existing correspondent relationships are sufficient. Britain's prospective entry into the Common Market may change that but co-operative multinational banking ventures make the issue of branch representation less clear-cut than might otherwise be the case.

Currently the influx of foreign banks into London continues apace adding depth and breadth to the capital's claim to be the leading financial centre outside New York. The last Bank of England annual report stated that 12 overseas banks opened banking offices in London in the 12 months to February 1971—twice as many as in the previous year. At February there were 140 foreign banks branches in London. A further eight have been added since then. Add to this approximately 59 representative offices and at least 207 foreign banks have a representation in the City.

An aggressive entry into the sterling markets by the foreign banks will tend to enliven the big London clearing banks which, while they will benefit from the new control arrangements, will find the innovative techniques of the foreign banks a challenge not to be ignored. The shoulder-to-shoulder intermingling of foreign banks in London provides the key to future co-operation on the international banking scene and the provision of banking intelligence from these banks should enable the capital to retain its banking leadership.

U.K. BANKING VII

Crowther suggestions begin to bite

By MICHAEL BLANDEN

When the terms controls on hire purchase were removed in the Chancellor's July mini-Budget, the point was made that this move did not necessarily reflect a permanent acceptance of the Crowther Committee's recommendation that these controls should be swept away. Nevertheless, this move, seen in the context of the other major recent developments in the credit market, is very much in tune with the philosophy of Crowther's proposals.

The Government has in this way eliminated at least some of the artificial distinctions which had inhibited the growth of the credit market. The result, at least as long as the lending institutions have spare capacity, has been a fairly spectacular start to the substantial long-term development of consumer credit foreseen by Crowther.

When the Committee produced its report last March, one of the points it stressed most was the imperfection of the credit market, with the result that "the forces of competition are much less powerful than they should be." A greater involvement by the banks in competing directly in instalment loans to consumers was one of the trends which Crowther suggested would be beneficial.

Basic aims

In the present situation, therefore, the need to put into effect the sweeping reforms suggested by Crowther seems to be more important than it appeared even at the time. This step would achieve two basic aims. On one side, by eliminating the large number of legal distinctions and anomalies which at present exist in the lending business under the new uniform lending act proposed by the Committee, it would complete the process of opening the system up for free competition among all types of lenders.

On the other, through the comprehensive regulations proposed for the protection of consumer borrowers, it attempts to ensure that the development of the credit market happens in an orderly way without excesses and abuse. Combined, these various developments could go a long way to answering Crowther's basic criticism; "many borrowers are unaware of the high costs of the transactions in which they are involved, mainly because the information which consumers are given in shops, and elsewhere, about credit terms and about the cost of borrowing is almost always inadequate and even misleading."

For all the scope of the proposals put forward by Crowther, they are not, as was admitted by Mr. Malcolm Wilcox, chairman of the Finance Houses Association, at the conference on Credit and the Consumer organised by the Financial Times and the Investors Chronicle in July, basically controversial in their nature.

The report put forward a fairly detailed programme (in two parts) for a sweeping reform of the legislation covering credit transactions. One Act, it was suggested, should provide a comprehensive and rational structure covering the loan aspect of all credit transactions except those on the security of land. This would be supported by a coherent single act for the protection of the consumer in loan transactions. The whole structure would be backed up by a system of compulsory licensing of all lenders in the consumer field, with authority exercised by a new Consumer Credit Commissioner.

Crowther's view was that "the state of the law affecting credit transactions is such that to tinker with minor amendments would achieve little except perhaps to add still further complexity to an already complex picture."

The consumer protection rules, in particular, would have substantial implications for all the lending institutions. One of the central distinctions drawn by Crowther was between "connected" and "unconnected" lending for the finance of consumer purchases. Particular emphasis was placed on controlling the activities of connected lenders, providing finance for the purchase of goods from a seller with which they have a regular business relationship, with the typical example perhaps the hire purchase house making loans through the agency of the motor dealer.

Act's stipulations

Finance houses carrying out consumer purchase finance would almost always fall within the proposed "Consumer Sale and Loan Act," would have to be licensed and, as a connected lender, would carry a liability for defects in the goods bought and for misrepresentations by the dealer. The banks, Crowther intended, should be outside this law as far as their normal overdraft transactions (as unconnected lenders) went, though an amendment would be needed to raise the interest rate cut off point below which transactions would not be affected by the Act higher than the proposed 2½ per cent. over Bank Rate.

Their personal loans schemes, though, would be within the scope of the Act and would require them to be licensed. And under the "connected lender" rules, their credit cards could impose on the banks the same responsibility for the goods and the dealer as applies to hire purchase companies.

The single most important rule of the new law would be the "truth in lending" proposals, requiring lenders to quote a true rate of interest on their loans, calculated by a strict formula, and though there are some reservations about this in practice, the principle is already being put into effect by some lenders.

On two major points, however, there is real concern, particularly among the finance houses which, following their recent week-end conference on Crowther, will be preparing their full memorandum on the subject for submission to the Department of Trade and Industry early in the new year. On one they are in accord with Crowther; as emphasised by Mr. Wilcox, it is felt to be particularly important that the Crowther package should be put into effect as a whole. Mr. Wilcox commented: "There may be a temptation in some quarters to pick out those bits which appear to be of special significance to the consumer and to deal with those first. We submit that the consumer protection aspect runs like a thread throughout these proposals and any attempt to separate them must fail."

On the other issue, Sir Alexander Ross, chairman of United Dominions Trust, has already expressed his view: "we believe that some of these recommendations will call for re-examination in the context of the proposals for credit control. In particular, the report's recommended removal of all restrictions upon the entry of lenders into the consumer market may also need to be reappraised in the new economic environment."

Stronger rules?

The fear is that Crowther, in designing a framework to permit far greater competition and ease of entry into the consumer lending business, has been guided by past conditions rather than anticipating the immense expansion which might take place in the next decade. Provisions designed to deal with the connected lender, it is felt, and the supervision of the proposed Credit Commissioner, will not offer sufficient safeguards to ensure an orderly market or adequate protection for either borrowers or depositors. The body of opinion among the finance houses which take this attitude may press for a strengthening of the rules and perhaps a recasting of the protection provisions before the new Acts are put into force.

Profits take priority

By BARRY RILEY

EVENTS of the past year have shown that the disclosure of true profits by the clearing banks in February 1970 was not such an anti-climax as appeared at the time. The immediate impact on the stock market was slight, and for several banks—notably the Midland—it was distinctly adverse. Yet looking back, increased profit-consciousness following disclosure has had a striking effect on performance since then.

The common analysis 18 months ago was to stress the danger of relying on a high level of Bank Rate (then 8 per cent.) with the perhaps only temporary effect of widening lending margins for the clearing banks which derive a large part of their funds (about 55 per cent.) from interest-free current accounts. The stock market was also guided by U.S. practice, which has been to apply a low price-earnings ratio to banks.

However, the analysts got it wrong. Led by Midland, making amends with a gain of a quarter, the Big Four showed an overall 10 per cent. rise in pre-tax profits for 1970 despite a one-point cut in Bank Rate during the period and the lack of any significant growth in advances. In the first half of 1971 there was another 12 per cent. average profits gain.

Getting the message

The stock market really started to get the message early this year. Share prices have risen sharply, reflecting both the higher earnings and an upward re-rating of the sector: p/es have climbed from 8 or 9 to a prospective ratio of around 12. By the middle of this month the FT-Actuaries banks index had climbed about 70 per cent. since the end of 1970, despite falling some way back from its peak, while the market as a whole—as measured by the All-Share index—had risen by a third.

The Big Four have led the way with share price gains of some 75 per cent. (Barclays slightly less) while the Scottish banks have managed rises of a little over 50 per cent.

The underlying reason for the banks' new-found vitality is simply that they have put a new priority on profitability, rather than on the number of branches, or other objectives they have sometimes chased in the past years of hidden profits. This has been manifested in a much more aggressive attitude towards lending rates. A couple of years ago the whole structure of overdraft rates was pushed up half a point when the "blue chip" rate for the highest quality borrowers was fixed at Bank Rate plus one. On top of that, the scale has been stretched upwards for other business carrying various degrees of risk—a fairly easy process in a period dominated for much of the time by tight liquidity and an unusually large gap between short- and long-term interest rates.

The same process has been operating for personal business. Overdrafts here have been going out in favour of personal loans which may cost a true 13 per cent. against perhaps 8 per cent. Moreover, services to ordinary bank customers have been pared down: Saturday opening has been dropped, for example. On the other hand deposits—especially the current account variety—have been rising fast, and though interest rates have been dropping in recent months there has been a useful turn from re-investing these funds.

New image

The banks' new image also owes a good deal to operations outside the basic U.K. banking sector; various subsidiaries and associated companies (now consolidated on a share of profits basis) have played a major role in keeping earnings on an up-trend. All the Big Four, for instance, have large investments in the instalment credit finance houses where falling interest rates tend to give profits a boost, the reverse of the effect in banking.

Substantially better profits here—in spite of severe lending curbs until very recently—have particularly benefited National Westminster, which owns Lombard North Central and has a large minority stake in Mercantile Credit. Together these are probably contributing a fifth of group pre-tax profits.

Another buoyant area has been overseas banking, a strong point for Barclays and Lloyds which have both been sorting out their interests in this field. Barclays bought out the minority holders of Barclays DCO (now called Barclays Bank International) earlier this year and it also operates in foreign currency markets through Barclays London and International. Lloyds has meanwhile merged Lloyds Bank Europe with the Bank of London and South America, ending up with a controlling shareholding in the combined operation. After these deals Barclays and Lloyds could be getting 40 and 30 per cent. of their profits, respectively, from overseas banking.

Odd man out

The odd one out in this context is Midland, which has only restricted interests outside U.K. branch banking. However, its efforts to strike out in new directions in medium-term lending via Midland Bank Finance Corporation (associated with Montagu Trust, the merchant bankers) will have a better chance of success now that the lending ceiling obstacle has been removed.

The accent now is very much on competition, and on the face of it the clearers' newly won improvement in margins will come under pressure. Certainly share prices have reacted since Barclays led the way in cutting rates. There is scope—which the banks are taking advantage of—to increase business in the profitable personal loans sector. But a general revival in business confidence, and hence in lending to industry, is needed to prevent a drop in earnings over the next year. This is an especially serious problem for the Scottish banks, rooted in an area of particular depression.

It remains to be seen how effective the prospect of cheaper money will be in encouraging borrowers. The banks are ready to try new approaches, such as a more aggressive move into medium-term business, and it appears that excess liquidity—especially since the new control of credit framework came into force at the beginning of this month—could be diverted into rather more profitable avenues than hitherto. But generally the profits outlook is uncertain, and the market is likely to take a cautious line until the course of events becomes more apparent.

U.K. BANKING VIII

New climate of competition for finance houses

By KENNETH GOODING

So far 1971 has been a year to remember for Britain's finance houses and there is more in store for them. Not many will deny that they are now facing a tougher situation than they did at the beginning of the year and the current atmosphere is one which suggests only the more efficient will survive in the new climate of fierce competition.

The first of a series of Government measures affecting the finance houses came in July when for the first time in 11 years official controls on instalment credit were removed. The finance houses were left to put their own terms on finance agreements.

However, the effect of this was not too great. The industry still remembers with a wince the days in 1958 and 1959 when the removal of controls led to a free-for-all. Some finance houses took on customers who put up a mere 10 per cent. deposit with three or four years to pay. The bad debt ratios throughout most of the instalment credit business shot up nastily. So the tendency after the July package was for caution. For example, most finance houses offer money on a new car over three years after the customer has put up a 25 per cent. deposit. The terms become more cautious as the age of the vehicle increases—30 per cent. and 30 months on a three-year-old car and so on.

Reserve ratio

More recently the finance houses have had to face up to the Bank of England's new credit controls. The industry—through the medium of the Finance Houses Association—was involved in tough negotiations with the Bank about the new system and won some concessions from the authorities over the new rules. The outcome is that all deposit-taking finance houses with eligible liabilities over £5m. are to be subjected to the same sort of controls as the banks. But, having argued that the reserve ratios were not appropriate to their business, it has been settled that their minimum ratio will be only 10 per cent. (compared with 12½ per cent. for the banks) and the finance houses have a year from mid-September to put aside a proportion of their funds into the appropriate types of assets.

Having made this concession, however, the Bank of England has reserved the right to bring the finance houses back into line with the banks if necessary—that is, if the finance houses' arguments prove not to hold water—by imposing higher rates of special deposits.

Weaker position

The effect of the two Government packages was to put the finance houses in a much weaker position compared with the clearing banks. The removal of instalment credit term controls allowed the banks to brush up their marketing of personal loans and other types of consumer-oriented lending which comes in direct competition with the traditional finance house business.

The new credit controls meant the finance houses had to face for the first time the problem of building up reserve assets. This in itself will involve the finance houses in some erosion of their margin of profit at a time when most of them admit they must also consider reducing the interest rates charged and hope that increased turnover more than makes up the deficiency.

The clearing banks seem to be in a better position for a number of reasons—the major one being that they can draw on a high proportion of deposits on which they pay no interest and can therefore lend the cash at lower interest rates.

But the increased use of credit by consumers must also bring up the question of how credit-worthy any customer might be. The clearing banks are well placed to see a customer's credit rating simply by glancing at his bank statement. No such facility is available to the finance house.

There are already stories circulating about a bank manager reacting to the new competition by answering finance house requests for a credit check on a would-be customer by saying: "He has the ability to meet the repayments but we doubt if the terms will suit him." In other words, "we have offered him a personal loan at a lower interest rate."

But the finance houses are far from despondent. Mr. Malcolm Wilcox, the FHA chairman and a man not given to making empty statements, comments: "We are not despondent because there is not anyone in this country who knows as much as the finance houses about the business of lending money repayable by instalments. Our expertise will ensure that we get a good stake in a growing market."

The finance houses also rely very much on the fact that they have developed point-of-sale finance and they feel that a very large proportion of borrowers will still arrange their finance at the point of sale. "Impulse" buying of consumer goods will not diminish but grow under the new regime. and the finance houses will benefit from this. Customers are, for instance, more likely to accept the "deferred terms" offered by the retailer than to wait and go through the process of arranging a personal loan.

Established links

It is also important to remember in this context that only about half of Britain's adult population operates a bank account anyway. When it comes to the larger amounts, the finance houses' long-established links with manufacturers of equipment suggests that their leasing business will not suffer too greatly under the new conditions.

The finance houses' main hope, however, is that the credit cake will become much larger so that, even if they get a proportionately smaller slice, it will still represent a much bigger mouthful than the one they have on their plate at present. The evidence to back this hope is already coming through in the reports of a boom in both new car registrations and sales of colour television sets.

There seems little doubt that those finance houses which happen to be part of larger financial groups are better off than their rivals in the industry, for it will be possible for their operations to be integrated with those of their parent concerns. Best placed of all are those finance houses owned by the clearing banks themselves—including Lombard and North Central (a National Westminster offshoot) and Forward Trust (Midland's subsidiary).

Some of the finance houses will opt to take on banking status themselves — United Dominions Trust, Mercantile Credit and Lombard North Central have already declared they will take this step. The argument here is that if they have to pay more for their funds because of the new reserve ratio anyway, why should they not take on the 2½ per cent. extra reserve and gain the status which allows access to cheaper money? There are other advantages—not the least of which is a greater flexibility on the treatment of personal loans.

And there is no doubt that some of the bigger finance houses will be moving their branch offices down from the first floor, where they have usually been placed, to street level so that potential customers can see that there is a "money shop" in a convenient local spot.

The two Government packages so far this year have gone a long way towards putting into effect the recommendations of the Committee on Consumer Credit, headed by Lord Crowther, which suggested a radical shake-up of the whole field. But there are some Crowther Committee suggestions which have yet to be acted upon and one or two are giving the finance houses cause for concern.

Hardly a tremor

They are not, however, particularly worried about the "truth in lending" suggestions put forward by Crowther which insisted customers must be told the "true" rate of interest when any instalment credit deal was completed. As has already been made clear, the price of credit is only one factor in the total transaction. The finance houses can also point to the experience in the U.S. where "truth in lending" legislation was followed by hardly a tremor in the pattern of behaviour of the consumer.

What does worry the finance houses, though, is the possibility of unlimited entry into the credit field. Sir Alexander Ross, chairman of UDT—Britain's biggest instalment credit group—maintained in his annual statement "the [Crowther] report's recommended removal of all restrictions upon the entry of lenders into the consumer market may also need to be re-appraised in the new economic environment."

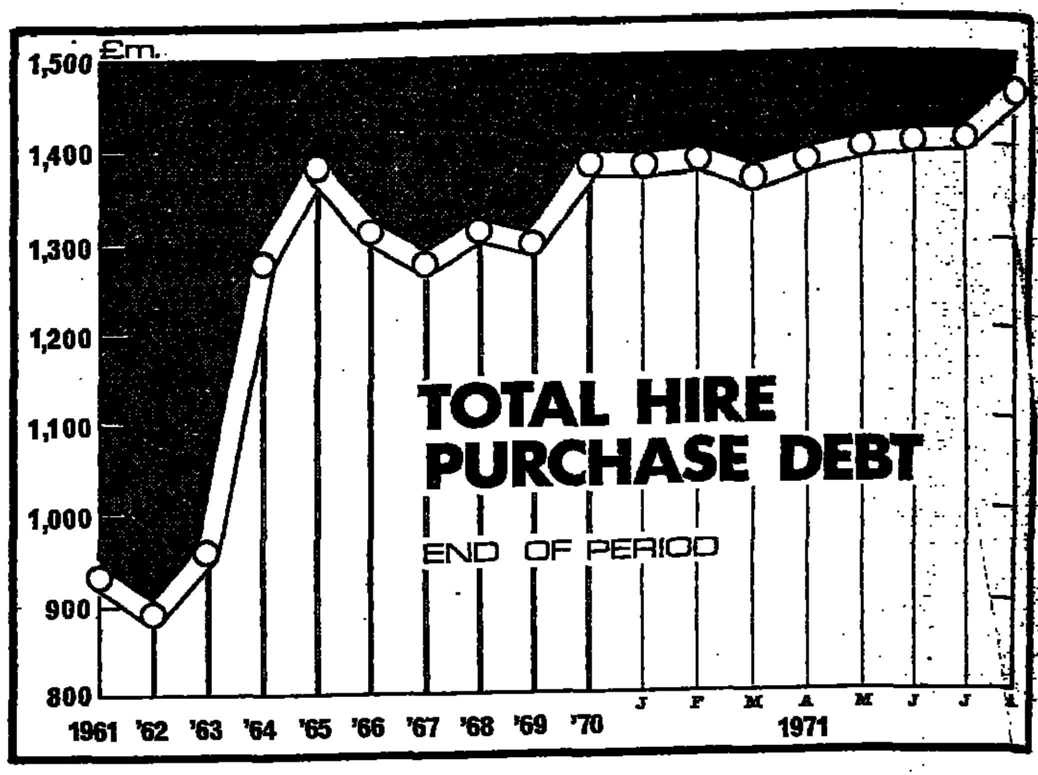
It is felt at UDT that the Crowther proposals for creating a credit commissioner with power to license all lending institutions would not provide sufficient protection for the consumer against possible aggressive selling of credit.

The finance houses are also generally agreed that the Crowther proposals for a sweeping reform of the law governing credit transactions, to create a uniform structure to cover all types of lending and to provide protection for borrowers, should, if accepted, be put into effect as a whole rather than piecemeal.

They feel that there might be a temptation to legislate for the consumer protection aspects of the proposals independently from the basic reform of credit law which they insist would reduce the effectiveness of the package.

For example, Crowther suggested that a customer who made his purchase with the assistance of a finance-house advance should make any complaint first to the finance house. The finance houses feel this is a case where consumer protection is being stretched a little too far.

Says FHA chairman Mr. Wilcox: "What we want to see is a fair balance between the legitimate interests of the consumer and those of both the finance house and the seller of the goods. We would be foolish to look for anything else."



The graph shows the trend of total hire purchase outstanding over recent years, and the upswing recorded in recent months following the mini-Budget.

U.K. BANKING IX

An upswing in the world of factoring

By ANTONY THORNCROFT

There is never a dull moment for the British factoring industry. A year ago business was very depressed with factors suffering from the bad debts and overall stagnation of their clients. One leading factor, owned by the National Westminster, had all but suspended business as it re-planned its strategy and the total amount of cash factored may well have fallen slightly to around £180m.

Now conditions are much healthier. There have been a throng of new factors, and in August Barclays became the last of the major banks to establish its own factoring operation. Three of the largest American banks, the Bank of America, the First National City, and Bankers Trust, all have their subsidiaries under way in London. In addition NatWest began taking on fresh clients through its newly-named Credit Factoring subsidiary in April and has been growing fast since then.

Three advantages

But as factoring takes a new lease of life it is a rather different animal from the past. Basically British factoring boils down to three advantages. In the first place the factor becomes the client company's accounts department, assuming responsibility for all the debts and chasing up the late payers. It usually also offers a guarantee against bad debts. This is the service end of factoring and means that a company can get on with its work without worrying about the cash. A third incentive, which attracted many companies to factors during the period of tight money a couple of years ago, was that the factor would forward up to 80 per cent of a client's cash as soon as it received the invoice or on a set day each month. The balance would be sent on as soon as the factor actually collected the money from the customer. This continuous cash flow was greatly appreciated at a time when companies were suffering from chronic shortages of ready money and very slow payments from their customers.

There was no pressure on clients to take all these services and they were charged separately. A factor might ask for a fee of between 1 or 2 per cent of turnover to handle the accounting side, and for speeding up the flow of cash it would charge interest of around 3-4 per cent above Bank Rate. Despite this charge it was for money rather than the basic accounting service that companies, not all of them commercially viable, flocked around the factors up to this year.

Now with the banks lending freely the service element has come into its own. According to Mr. R. A. Pilcher, managing director of Credit Factoring, over half the companies who have signed on this year are mainly interested in the service side. Those factors which concentrated their sales effort on a ready supply of cash may be in difficulties. To make sure its clients really do get an improved service Credit Factoring has a completely computerised system which allows the factor (and the clients) to see at the press of a button the exact picture of any customer account anywhere in the world.

But for all the improvements factoring has never made the impact that would have been anticipated eleven years ago when it got under way over here. Even if the amount factored exceeds £200m. again next year there are probably not more than five hundred companies regularly using a factoring service. This is because factors have discovered the hard way which clients are most profitable.

Best clients

The best clients are private manufacturing concerns in light industrial or consumer fields with turnovers of up to £1m. a year. But even this is changing now. Larger companies are contacting the factors, spurred on by the approach of the Common Market. Undoubtedly entry to the Six will present factors with a great fillip to business. Large companies capable of handling their domestic accounts often feel at a loss when trading in a dozen different currencies and a dozen different languages. For the dozen leading factors with their overseas offices or overseas contacts handling foreign deals is no more risky or difficult than internal transactions.

It is not only the Common Market that will stimulate factoring. Now that the banks are in an expansive move they are likely to begin pushing their factoring services. On the surface nothing would seem simpler than for head office to suggest to bank managers that they look out for customers who could benefit from factoring and then try to sell to them the bank's factoring subsidiary. If just one bank in a hundred in each of the Big Four supplied just one customer the business of most of their factors would double.

Obviously too rapid marketing would put excessive pressure on the facilities currently on offer but it has been estimated that any individual factor should be able to cope with £750m. of factored debts: at the moment the largest company, International Factors, handles less than £50m. Now that the economic climate favours competition and marketing more action is likely from the banks.

The whole factoring industry looks to the banks to publicise the service. "It will be good for all of us," says Leslie Stephens of Bankers Trust. Undoubtedly outside the main commercial centres there is still a vast amount of ignorance about factoring, which is partly the fault of the factors who dress up their business in many guises, offering extra facilities here and withdrawing them there. And undoubtedly many of the companies who approach a factor will be turned down. The ideal client for a factor has been defined as having a turnover of £250,000, 40 customers, invoices ranging between £400-£600, and lots of repeat orders. This is the ideal. But factors now handle companies with turnovers in excess of £5m. and below £100,000, if they have faith in the management.

Smaller banks militant

NICHOLAS LESLIE

The Big Four banks, which th Coutts and Williams and yn form the London clearing nks, have stolen most of the blicity recently following the ling of the cartel agreement interest rates on deposit counts and overdrafts and the ding of the ceiling on total ounts loaned. The freedom manoeuvre which banks now re has already been shown to rk by Barclays, which alone cut its interest rate on overfts and seven-day deposits sequent to lowering its base to 4½ per cent.

n the meantime, however, the ller banks are also looking a bigger slice of the existing potential banking market. potential is enormous since e estimates suggest that nd 60 per cent. of the U.K. lation does not have a bank unt.

U.S. practice

, even though more aggresmoves will be made, comon on the scale of the U.S. —where managers tout for ess and where special such as a free colour ision are used to entice new mers—is still considered a tarter in the U.K. Even nk, a new type of "money on U.S. lines started here tional City Trust, part of irst National City Bank of York, does not believe ess would work.

fact is that the U.K. still looks on banks as rvative, rather austere tions and any violent e of-image would probably people away rather than them. The banks realise that they have an uphill educational problem and perhaps for this reason there are no startlingly different methods used by banks to win over new customers. Most promotions are linked to the variety of accounts offered and many are now stressing service, a feature which some complain has disappeared, in an attempt to bring banking, and the bank manager, closer to the general public.

Here, an example is the Yorkshire Bank. It has sufficient schemes in hand to attract the public and is making efforts to make them more widely known. Right through the years of constraint on lending the Yorkshire continued with personal loans. It will give you, if circumstances are right, a 20-year loan to pay 85 per cent. of a house costing up to £7,500. It has several types of account similar to other banks and—something of a coup for a relatively modest-sized bank—handles the accounts of 80 per cent. of the payroll of ICI on Teesside. But, for all this, the Yorkshire is looking to its till service as a major weapon to win more customers.

One scheme already under experiment is a Check Master system. This is a machine designed to serve up the amount of a cheque fed into it and theoretically it can complete 100 transactions an hour. In practice, though, the number depends on the efficiency of the operator.

Another experiment shortly to be started is a quick-queue system along the lines already used in the U.S. The basic idea is that customers collect in a pool away from the counters and move to a till by rotation as one becomes vacant. This eliminates the frustration of getting caught in a queue at one till while other queues clear all around.

Family bank

An interesting example of a bank just breaking into the market and seeking to attract those currently least associated with banking is the People's Bank. Purchased by Provident Clothing in 1970, as little more than a name, it began operations in September with the intention of presenting itself as purely a family bank providing, eventually, most requirements which come under that banner. It has already sprung something of a surprise by paying interest on current accounts at 5 per cent. a year, before charges, which is possibly managed by operating the bank through Provident branches rather than through separate outlets. A savings account carries 7 per cent. and 7½ per cent. interest on sums over £250. A credit card, which would be a logical extension of Provident's existing check and voucher trading to the predominantly weekly paid working-class sector, is contemplated.

Drawing a parallel with the People's Bank, though not in size, is the Co-op Bank, now a separate company from the CWS. The Co-op, as with the CWS shops and stores, sees itself as a customer's bank and it will be doing some fairly aggressive promotional and advertising campaigns as a build-up of its centenary next year. It is alone in offering personal loans on a 6½ per cent. flat interest rate and on current accounts pays ½ per cent. interest over and above the 3 per cent. paid by most banks as partial cover for charges. Also, the Co-op publishes the amounts of its charges.

One area of banking which some expect will suffer as competition, particularly for loans, hots up is the largely second mortgage banker. Of course, this is hotly denied by the banks concerned who say there is room for all. Cedar Holdings, for example, has just started a plan whereby loans will be made on which interest only need be paid for the first two years. At 1½ per cent. per month interest (18 per cent. a year against around 13 per cent. by banks) it is expensive but has apparently been introduced to meet a demand. After two years the capital is repaid or can be transferred to a personal overdraft which, in effect, is a secured second mortgage. The borrower then repays both capital and interest over three, five or seven years with interest remaining at 1½ per cent. a month, but on the reducing capital.

Expensive scheme

That such an expensive scheme, and it is but an example of many types of loan offered with slight variations by dozens of other banks, should prosper when bank loans are cheaper is difficult to explain. But as they meet demands it appears that they require less promotion than the banks may have to employ to reach the public and will probably sustain a need in spite of the banks.

U.K. BANKING X

The Discount market likely to gain

By DONALD MACLEAN

Adaptability has been the keynote of the Discount market's history. Changes in U.K. and international financial systems have meant frequent, and sometimes radical changes in the market's operations.

Now the market is having to adapt to the revolution in the banking field produced by the revised arrangements in the fields of banking competition and credit control introduced by the Bank of England in mid-September.

Discount houses have, for instance, been freed from an official ceiling on their commercial bill business, they have abandoned their old practice of agreeing a common bid for Treasury bills at the weekly *tenders, no longer fix a common* buying rate for 3-month bank-accepted bills, and no longer pay to the clearing banks a certain minimum rate of interest on money at call. An understanding with the banks that they (the Discount houses) should not bid freely for funds from non-banking sources has been discontinued, while the banks are now free (should they choose) to bid for Treasury bills at the weekly tenders.

New freedoms

These changes all introduce new freedoms into the market. How important their separate and cumulative effects are remains to be seen. Not all the changes introduced under the new arrangements are de-restrictive, however. In future, houses will have to maintain at least 50 per cent. of their total assets in public sector debt consisting of British and Northern Ireland Treasury bills, Company Tax Reserve Certificates, local authority bills and bonds, and British Government and British Government Guaranteed stock with not more than five years to run to maturity.

The public-sector debt ratio may bite severely on the houses at times when they are *anxious* to run down their holdings of gilt-edged stock (when interest rates are rising or threatening to rise). But it will run in parallel with the existing arrangement under which the Bank of England maintains limits on houses' operations related to the size of their capital and reserves. And these latter limits may well be operative more frequently than the *public-sector* debt ratio.

One thing that has been confirmed under the new arrange*ments is the houses' exceptional* status as the vehicle by which the Bank of England operates as lender of last resort to the money market. And one way in which they have benefited from the new arrangements is in deposits with them counting as eligible reserve assets of the banks—something that may attract to them *deposits* that they would not receive on interest grounds alone.

Partly forerunning, and partly coinciding with the changes introduced in mid-September *has been a sharp fall* in the margin earned by discount houses on commercial bills held in portfolio. In mid-May, when the Bank of England published its consultative paper "Competition and Credit Control"—giving the broad outline of the system eventually adopted—the discount house buying rate for prime three-month bank-accepted bills was 1 per cent. above Bank Rate. Lately it has been slightly below Bank Rate. The average cost of Discount houses borrowing cannot have moved on anything like this scale.

Since the Discount market held commercial (and local authority) bills of over £550m. at end-March and at end-June, out of total assets of £1,820m. and £1,959m. respectively, their position can be said to have worsened significantly *in a* major part of their business.

That Discount houses reporting on half-year positions early this month were able to note exceptionally profitable trading *in the six months* since early-April owes a great deal to the rapid decline in interest rates, which has seen Bank Rate cut from 7 per cent. to 5 per cent., its lowest since 1964.

The fall in commercial bill rates *has made this form of* finance sharply more competitive with bank overdrafts. But it does little more than to restore the traditional relationship between Bank Rate and commercial bill rates, and is more a product of the passing of the credit squeeze than of the new forms of banking practice.

The Discount houses will look to an expansion and diversification of business to help offset the loss of *running profits on* bills. In this they will be helped not only by the mid-September *developments*, but also by the removal last April of a Bank of England ban on houses acting both as principals and brokers in foreign currency deposits. This had been a bone of contention since the introduction of dollar certificates of deposit to the London market in 1966.

Also in their favour, it might seem, is the fact that they are dealers in various eligible reserve assets of the banks, such as gilt-edged stocks with a year or less to run to maturity, Treasury bills and commercial bills eligible for re-discount at the Bank of England (counting up to 2 per cent. of the banks' eligible liabilities), and local authority bills.

The houses may, however, face challenges in this area on ground that might not long ago have been thought their own. The likelihood of increased turnover in commercial bills is something that need not be ignored by the City's money brokers, for instance. And the money brokers are particularly well placed (through established connections) to develop *a role* in the expanding local authority bill market.

Meanwhile, the entry of the clearing banks as issuers of sterling certificates of deposit may lead to a *sharp growth in* the amount of such paper outstanding—something the Dis*count* houses stand to benefit from as the main secondary dealers. But the clearing banks are at the same time becomin active in various mone markets, including the inte company, where they may co *pete* with the Discount hous trade bill business, so that he too, there is alloy.

While expansion of activi may be one of the main plan on which Discount houses ar basing their future plans, it interesting to note that the can also make better use o their capital and reserves b lengthening the life of thei gilt-edged holdings at appro priate times.

Traditionally the houses hav been able readily to place gil as security for money borrowe only if they are short date (within five years of maturity They have been assisted, ho ever, by a system unde which — for the payment of modest commission — it *been possible to buy* long dated stock, and then borr short-dated against the secur of the long. The short st can then be used as security borrowed funds.

Gilts holdings

Between 1963 and 1970, recorded (quarterly) figu show a peak of £51m., in Ma 1967, in Discount market ho ings of Government stock w over five years to run maturity (if any). In Ma this year (immediately ahead the April Bank Rate cu £126m. out of the market's ho *ings of £379m.* Governm stocks had more than five y to run, though it should be *that a good part of the* £12 is believed to have been in shorts.

The Discount houses benefited strongly in 1971 fr the fall in Bank Rate from 7 p cent. to 5 per cent. An incre ing willingness to venture longer-dated stocks—with greater opportunities for p or loss—is in tune with bolder approach they are ha to take, willingly or unwilli under the new banking s ture.

Savings banks' plans

By a Correspondent

The burning issue in the Trustee Savings Bank movement at the moment is the question of when, or if at all, the banks will be permitted to make personal loans. It has been the burning issue for several years. And with its reference earlier in the year to the Committee under Sir Harry Page enquiring into services for the small saver, it cannot be said, even now, to be a fast-burning issue.

With the rest of the banking world in the throes of adapting to the new arrangements for competition and credit control introduced by the Bank of England in September, the Trustee Banks must feel badly left on the *sidelines*.

A battery of lending schemes has been announced by the commercial banks, now free of the loan ceiling which has inhibited them since the later 1960s. The Trustee Banks are waiting for Treasury permission to introduce their first scheme five years after the idea first began to be considered seriously in Trustee Bank circles, and almost a year after a plan was put to the Treasury.

It is no wonder that the Trustee Savings Bank movement is becoming unwontedly outspoken on the point. For the Banks, it is no new experience *for new services to take a long* time in coming into operation. The long saga of the T.S.B. cheque scheme alone is sufficient to make sure of that. It was five years after the Banks started to press the Treasury to be allowed to supply cheque books to their customers that they achieved their object.

The personal loan idea grew up in the credit squeeze, and the banks had little expectation that they would be allowed to provide an extra source of loans to the personal borrower at that *time. With the credit squeeze* over, the banks must, however, be hoping for an early, interim *report* by the Page Committee on the question of their personal loan scheme, even if such *hopes have apparently met with* little encouragement.

Provided the Page Committee *does eventually report favourably* on the scheme, the banks would then hope for early *Government action to allow* them to implement it. At least, having had so long to consider the issue, their own plans *should* need no long period of incubation.

Operating through some 1,500 branches, the 73 Trustee Savings Banks have some 10m. *depositors*, due *over £2,500m.* The potential for lending is therefore considerable, even if a maximum of only a few hundred pounds were lent to any individual. A good many of these depositors probably have no commercial bank account, and depend for consumer-borrowing purposes largely on the finance houses.

One of the most interesting aspects of Trustee Bank personal loan scheme from the point of view of the borrower is that the banks are likely to offer them at a rate below the effective finance house rate, and possibly below that on the commercial banks' personal loan schemes.

Higher return

In some quarters within the movement, it was hoped that the loans might be made through the Banks' ordinary departments. *This* idea has not been discarded altogether, but current thinking is that the funds for the loans would be more likely to come from the special investment departments of the Banks *providing* an additional investment outlet, and one on which they could expect a significantly higher return than is available on the existing forms of permitted investment such as lending to central and local government.

This has an important potential for Trustee Bank customers even if they have no inclination to make use of the scheme.

Compared with the National Savings Bank, to take a yardstick, the Trustee Savings Banks as a whole are in a somewhat weak position when it comes to offering special investment department depositors a return on their funds. The National Savings Bank is able to offer all its depositors the same rate—at present 7½ per cent. on money at one month's notice of withdrawal. The positions of the Trustee Banks vary widely from *one to another*. They have to some extent been handicapped by having to run investment portfolios including securities bought in former, lower-interest days.

Most have been able to offer 7½ per cent., but not necessarily at one month's notice of withdrawal. Some have been able to offer 7½ per cent. only on three-months' notice, and others only on six. In the case of certain banks, money at one-month's notice has carried interest of only 5½ per cent., when 7½ per cent. was available elsewhere.

Of course, the recent decline in interest rates generally—with Bank Rate being cut from 7 per cent to 5 per cent. since April—has relieved the special investment departments of some competitive pressure. It has also had the effect of making the ordinary department interest rate, which has commonly looked quite out of line with *any broad pattern of interest* rates, look relatively attractive. After being held at 2½ per cent. since 1888, the ordinary *department* rate was last November raised to 3½ per cent. (and is equivalent to 5.7 per cent., grossed up at the standard rate of income-tax, on the first £600.)

While the period of waiting on a personal loan decision goes on, one notable development brought to fruition in recent months has been the merger of the London TSB with the South Eastern, achieving a further drawing together of the various arms of the movement. This merger was finally settled some 12 months after the plan for it had been submitted to the Treasury.

Not only does it — together with the merging of the Newcastle and South Shields Trustee Banks—reduce the number of Trustee Banks to 73 — but it creates the largest Trustee Bank in the country — ousting the Savings Bank of Glasgow, which *long* held the position.

The Trustee Banks vary widely in size, from the giants such as the new London and South Eastern, the constituents of which at the end of the past *financial* year, November 20, 1970, held over £200m. of balances due to depositors, down to Scotland's Newbu with balances of £145,354. T smallest English Bank November, 1970, was Hudde field, with £5.4m., while of the banks, 57 had deposit balances of less than £50m.

Mr. E. A. G. Caröe, chair of the Trustee Savings Ba Association, pointed out at association's annual confere *last year that in the past* ba individually had not alw been quick to offer new fa ties when powers to *do so* been achieved.

Whether Mr. Caröe taking an over-charitable *line* saying that this relieved Treasury of some blame *delays over decisions on* ventures, is a matter for de

But it is difficult to chall *his view that* the Tr Savings Banks should together as a national in tion. There are other gr than that of negotiating the Treasury to support view. It is a pity if, when facilities can be offered positors, not all deposit offered them. There are s few Trustee Bank custo for instance, without acce a cheque book.

U.K. BANKING XI

The state of play in computers

y TED SCHOETERS

There can be little doubt now t the Lloyds Bank branch ounting system, described in past by rival data processing nagers as belonging to the orse and cart" period of nputing, has been outstand- ly successful and far less tly than comparable equip- nt.

Its success, following the hievement of the primary get of going operational be- e decimalisation day last bruary, is in the main due to fact that designers of the twork have not tried to do too ch too soon. Having assigned right priorities to the type information the main centre uires from its branches and e-versa, the design team set to define a complex which ld do that, even if the ter- als gathering and printing information were served by lly inexperienced personnel. his feature of the Lloyds pment has undoubtedly one of the keys to opera- al success. Too little account erally was taken during the up to the bank networks of personnel problem—not of training but also of ining the junior female once trained.

ur solution, with idiot inals if you like, has been per by far than multi-drop ms using much more sticated terminal devices," Gordon Hague, General ger Organisation of Lloyds, res.

Simplicity, low cost and eability is what we set o achieve and this is what ave achieved. Two IBM re running half the bank gh 950 terminals—servic- m. standing orders. We only 200 modems against 1,500 other systems would demanded and we are g £½m. a year in line s alone.

e have never been able to the system, even when all nals have been operated taneously on an experimen- sis," he claims.

		IBM Installed	IBM On order	BURROUGHS Installed	BURROUGHS On order
Nat. Westminster (with Centre-File)	Computers	155 x 2: 7010 x 4 65 x 4: 50 x 6 40 x 6: 30 x 6 1460 : 1401 x 5	165 x 2		
	Terminals	"3340" x 113 on line "2260" x 94 on line: "3981" concentrators x 25 on line	"3981" concentrators x 141	1000 TC500s and TC 310s on line	
Barclays	Computers	65 x 5: 50 x 5:30 x 11: 25: 40		B5500 x 3: B6700	B6700 (Dec., '71) B6700 (1972)
	Terminals	"3940" x 470 on line: "3982" x 34 on line: "3981 x 5 concentrators on line: "2260" x 43 on line concentrator	"3940" x 10 "3992 x 31 "3981 x 3	2,600 TC 500s	
Lloyds	Computers	65 x : 40 x 5 1401 x 2	155 x 2: 145 x 2	B300 x 4 (clearing)	
	Terminals	"3982" x 931 on line "3981" x 114 concentrators on line: "3940" x 100 on line: "731" x 30 on line: "3965" x 2 concentrators on line	"3982" x 852 "3981 x 96 concentrators		
Midland	Computers	40	145 x 2	B5500 x 4: B6700 x 3	B6700 (1971)
	Terminals	"2260" x 6	"2260" x 54	1500 TC 500s	

		IBM Installed	IBM On order	BURROUGHS
Royal Bank of Scotland	Computers	155: 50: 40 x 2		Bk. London S. America 2 x B3500 Computers 14 x TC500 Terminals
	Terminals	"3982" x 60 on line "3981" x 6 concentrators	"3982" x 318 "3981" x 21 concentrators	S. G. Warburg 1 x B3500 Computer 2 x TC500 Terminals
The Bank of Scotland	Computers	50 x 2: 30 x 2		
	Terminals	"3982" x 333 "3981" x 41 concentrators	"3982" x 9	Chase Manhattan 1 x B3500 Computer 13 x TC500 Terminals
Co-op	Computers	40 x 2:	20	British and French Bank 1 x B3500 Computer 8 x TC500 Terminals
	Terminals	"3940" x 8 on line	"3940" x 32	
Williams & Glyn.	Computers	50: 40: 30 x 2	155 145	Brown Shipley 1 x B500 Computer 8 x TC500 Terminals
	Terminals	"3982" x 250 on line "3981" x 30 concentrators	"3982" x 83 "3981" x 13 concentrators	Singer and Friedlander 1 x B500 Computer 6 x TC500 Terminals

ignificant saving

saving on modems—the which translate computer ls into pulses a telephone an handle—is a significant s is that on line rental.

not one of the other big ng banks has adopted this d of building up the net- and all three have opted uch "cleverer" terminals rate in local branches as computers in their own f need be. And the system ing at Lloyds is not the ive one, though Mr. says: "We do not start Evolution, not revolution key," by which he means quipment will be amor- mpletely before the bank on.

975 the IBM 65s which mainspring of the opera- ll be six years old. How- y then a totally new ent complex should be in rking. Significantly, it ve the power of its ter- minals extended and be capable of working with a new family of cash dispensers.

What the terminals will be, Mr. Hague did not specify. But IBM recently announced the "3735" which it described as a programmable buffered terminal—or, in simple terms, a small computer. This is a long step forward from the "idiot terminal" and the equipment, already ordered by Bankers Trust Company, will operate in a manner different from the latter. In fact it will be closely comparable to the Burroughs terminals for which National Westminster, Barclays and Midland opted at the outset when planning their provincial branch networks.

By and large all these terminals have worked well, but two systems in which they are installed have not met targets. Barclays and Midland in particular are only now recovering from delays they have suffered while their competitors were up and working with viable, though incomplete, central accounting systems.

It must be said, however, that Lloyds had relatively few organisational problems to cope with. National Westminster was faced with three separate accounting systems which had to be amortised before they could merge into a single system: those set up by National Provincial, Westminster and District Banks.

And indeed, NatWest now is in process of a total reorganisation of its computing complex using Kegworth in Derbyshire and Woolgate House in London as the pivots and phasing out six other centres in London and elsewhere as the first two grow. Kegworth initially will have two IBM 370-165 machines. The final systems, it has already been decided, will be based on the 800-branch, 1.5m. account on-line network using IBM central machines and Burroughs terminals.

Snags have already been dealt with and there is no doubt that National Westminster will operate a greatly streamlined version of its present complex by 1974.

Both suffered

Both Barclays and Midland have suffered, directly or indirectly, from changes of heart on the part of computer manufacturers. Barclays in 1967 ordered the super-scale B-8500, a machine which had its origins in the closely-guarded secrets of the air defence data complex of North America. Like several other military machines, it failed to make the transition to commercial practice and Barclays (encouraged initially by the National Provincial decision to take a B8500) was left with a much smaller B6500 in tandem or twin processor form. However, even these would not be ready in the time scale allotted—perhaps rather naively—by the bank, to have a significant number of branches up and working by decimalisation.

In the meantime, Burroughs competitors were improving their hardware and the 6500 was being left behind. The computer company decided to improve or enhance the design and came up with the 6700, reputed to be twice as powerful as the earlier machine and to have the ability to handle as many as 3,000 Post Office lines.

Because of the delays in geting the machines to site, Burroughs supplied three workhorse 5500's—well-tried machines but already long in the tooth when they were installed—to run the branch accounting network.

The situation now is that Barclays, advised by the big software and systems house Computer Analysts and Programmers, has accepted the first 6700 after what are described as "assessment tests." The intention is to add two more of these machines to the one already here and to link progressively up to 900 branches to them. This should be completed by 1973 at a rate of some 50 branches a month.

By that year too, the vast new Barclays centre at Wythenshawe, a Martins Bank site, where the structure and plant alone has cost £2¾m., will have taken over another 900 branches, the remaining 600 or so being connected up to the Tottenham Court Road centre in London.

In this way, Barclays will be working two hybrid systems and a pure Burroughs installation for its on-line accounting. Burroughs sees the situation as one ultimately leading to Barclays being the first bank able to operate its branch network in real-time, that is constantly updating every account in the system rather than at pre-determined times of the day when branch machines have done their work. Barclays have been involved in a great deal of expenditure on the embryonic real-time system and to judge whether or not the decision to persevere was right, demands knowledge of how the network is operating, which will not be available till the middle of the decade.

Midland Bank too suffered an early set-back at the hands of English Electric Computers to which company it had been firmly wedded since Midland began to use these machines on a large scale in the ear'y 1960's. At the time when its competitors all were busy testing systems and software with D-day some two years ahead, Midland was told that the English Electric Computer subsidiary, on the verge of being merged with International Computers and Tabulators, would not supply the four to six System 4-70 machines which had been chosen to run the Midland branch network from two or three centres.

Left outside

This was a decision full of consequence both for Midland and for the future ICL. It left Midland totally committed to Burroughs and ICL right outside the lucrative banking market for several years—until the Interbank system was set up under the Labour Government.

Since then, Midland Bank has gone through virtually the same process as Barclays—suffering the change of the big central machines and making do for the time being with the elderly B5500.

The bank still expects to achieve what is virtually the definitive branch accounting system by 1973. Then it would have 1,750 full accounting branches operating on-line to four B6700's. Should this, in fact, be so—and Midland also has called in CAP to supervise the most important section of of the network's software—the bank will be able to claim a two-year lead over Lloyds, as well as possession of a system much more easily converted to operating in real time.

U.K. BANKING XII

Clouds over Giro

By SANDY McLACHLAN

The future of the National Giro still hangs in the balance. Figures published just last week—three days after Giro's third birthday—show that in the year to March, 1971, it lost £6m. This is the same rate of loss as the previous year so that in profit and loss terms Giro is a good way behind its target of a five-year run-up to profitability.

It is now almost a year since the Minister of Posts and Telecommunications, Mr. Christopher Chataway, *commissioned* an inquiry into the Giro service, and when this was completed it was followed up by an independent report by chartered accountants Cooper Brothers. The second report has now been finished for some time, and Giro is hoping for an early decision on its fate when Parliament re-opens.

Giro feels that it has put forward a strong enough case to escape the Government's axe. Losses at this stage were always expected, and Giro had to put up with several exceptional factors during the year. In the first place recruiting of new business came to a halt during the postal strike at the beginning of this year. Also the question of price increases has been deferred until Giro's future is decided. Still operating at 1968 prices, Giro badly needs price increases to restore margins eroded by rapid inflation.

Biggest problem

But Giro's biggest problem is the uncertainty caused by the question mark over its future. It operated in this climate of uncertainty for almost six months of its last financial year and continues to do so.

This point is beyond dispute. The longer the Government postpones its decision, the more difficult life becomes for Giro. As far as possible it is business as usual, but the crucial factor in moving towards profitability is recruiting new business (or more accurately attracting a higher average level of deposits). The all-important business accounts are understandably reluctant to gear themselves to switch to a system whose continued existence is in jeopardy.

Although hampered in its marketing operations at the moment, Giro is going ahead with a process of internal reshaping, and preparing new services to launch in a happier future climate.

If the green light is given, *therefore*, Giro will be in a position to swing back on to the offensive in its marketing policy. It already has some of the biggest names on the High Street poised to switch to Giro. All *they are waiting for is confirmation* that it will continue to operate.

Chequered career

Since it started business in 1968, Giro has had a more than average chequered career. In the White Paper profitability was defined as 1.2m. accounts of which 200,000 would be business *accounts*, and average balances inside the system of between £120m. and £180m.

The initial problems which Giro faced are now history. In its early stages performance was measured against wildly optimistic forecasts rather than against the White Paper guidelines, and it fell far short. The stationery was almost ridiculously complicated, and taking all the teething troubles together, Giro quickly got an image which was no help at all towards building a successful and financially viable service.

Revamping a poor image is much more difficult than starting from scratch, and Giro faced a long uphill struggle to re-establish its credibility. Simpler stationery was introduced, new services were started up, and with the benefits of experience Giro began to develop a clearer idea of the customers it wanted and the marketing techniques needed to attract them.

Strangely enough, one single move did more to re-establish Giro in people's minds than all the rest of the improvements put together. This was the "loans through Giro" link with Mercantile Credit announced in April last year. The anger this caused among the clearing banks kept Giro in free publicity for weeks and new accounts, which had been coming in at the rate of 3,000 to 4,000 a week, leapt dramatically to *around* the 12,000-a-week mark. The scheme has been a success, and 60,000 Giro account holders have *borrowed* £13m. from Mercantile Credit through it.

This was Giro's high spot, but shortly afterwards came the general election, a new government, and the question mark over Giro's future.

Currently, *Giro is behind its* programme as outlined in the White Paper, but its director, *Mr. Donald Wratten, is still* confident that the target can be reached. However on the *published figures* Giro had accumulated losses of £7.7m. up to March 1970, and in the year to *that date it* lost £6m. adding to the loss for the year to March 1971 brings the running total up *to almost* £14m.

By March, 1971, halfway through Giro's initial five-year period, balances held in the system totalled £56.5m. held in 393,000 accounts. At the same date the number of Giro transactions was running at the rate of 1.2m. a week. This was not half-way to the target, although an acceleration can be expected as more and more people and businesses join in.

But it is the level of losses which has upset the Government, although things are not as bad as they might look at first sight. The point here is that Giro pays the Post Office full cost for the services it uses—for example, postal and counter service. To the Post Office *itself*, however, a lot of this payment from Giro goes in spreading overhead costs, which would be incurred anyway. Giro's loss is therefore the Post Office's gain to some extent.

Leaving this to one side, the outlook for Giro is in fact improving, given that it gets the chance to take advantage of the situation. Already its growing international business is profitable, and entry to the Common Market would radically alter the picture in Giro's favour.

In a country where Giro is a relatively new and still controversial service, it is difficult to grasp just how much an accepted part of the business scene giros are abroad. In most Western European countries the postal giro services have been built up over a number of *decades and are the accepted* form of money transmission.

The most successful European giro is undoubtedly Switzerland's, where a service has been in operation for over 60 years. Most of its accounts are commercial enterprises and an interesting contrast as compared with the British Giro, all the Swiss commercial banks use giro as an extension of their own services and keep a proportion of their liquid resources in giro balances.

The preponderance of commercial customers rather than private individuals makes for a very high average balance per account, which is just over £1,000 compared with an average of something over £14[illegible] in this country. The commercial customer also raises the average number of transactions per account. An interesting comparison to the Swiss Giro is the French equivalent. This holds the distinction of being easily the biggest of the European giro services with no less than 6.8[illegible] accounts at the end of 1968. At the end of 1970 the British Giro had 372,000.

The French Giro does [illegible] make money, *but this is large*[illegible] because it does not get full [illegible] of the credit balances within the system. Indeed, until 19[illegible] the French Treasury used [illegible] take all the giro balances [illegible] its own use in return for a su[illegible]sidy amounting to 1.5 per cent of the balance of private accounts.

Overseas lines

With increasing Europe[illegible] trade, the European giros ha[illegible] *found their international* bu[illegible]ness growing faster over [illegible] last few years than inter[illegible] *transactions*. Britain alrea[illegible] has links with all the Europe[illegible] giros, and has even forged [illegible] *link with Japan*.

It is clear that entry into [illegible] Common Market would bri[illegible] *British business into* [illegible] closer trading contact wi[illegible] commercial enterprises who[illegible] *natural manner of money* tra[illegible]fer is through a giro system. This would undoubtedly h[illegible] the attraction of a Giro accou[illegible] to the British businessman.

Back at home, Giro's marke[illegible]ing activities have been drast[illegible]ally reorganised. The key [illegible] the changes was the appo[illegible]ment from outside the P[illegible] Office of two senior market[illegible] executives. Mr. Bob Mar[illegible] *was formerly a senior* execut[illegible] with Rank Organisation, [illegible] ran his own business bef[illegible] joining Giro. *He is now* s[illegible] controller. Mr. Tony Spoo[illegible] who has become market[illegible] manager, has a record wh[illegible] includes senior marketing p[illegible] at British Domestic Applia[illegible] and the PIB. As part of [illegible] package Giro also change[illegible] advertising agency.

The old system whereby G[illegible] was marketed through 150 [illegible]vice representatives who [illegible] not directly employed by [illegible] has now been wound up. [illegible] are gradually being repla[illegible] with a direct selling [illegible] which will eventually gr[illegible] a strength of 70. There [illegible] be a *big emphasis on* goi[illegible] quality trade: the bus[illegible] account rather than the [illegible]vidual. And there will be [illegible] push of the "pay th[illegible] Giro" facilities.

The *Government* may [illegible] accumulated losses of [illegible] and the prospect of mo[illegible] *come difficult to reconcil*[illegible] its lame-duck policy. But [illegible] is increasing support [illegible] *tailor-made money* tr[illegible] system as an integral p[illegible] the banking *system*. A[illegible] *the banks themselves* fi[illegible] costs of offering this [illegible] service rising they are [illegible] to moderate their opp[illegible] to Giro, which anyway [illegible] sents only a very modest [illegible] to their level of deposit[illegible]

Overseas banks

By C. GORDON TETHER

"Nothing is altered but the name," proclaimed a recent Barclays Group advertisement announcing that the plan to turn Barclays Bank DCO into Barclays International had now taken effect. And in a strictly day-to-day operational sense this was right, seeing that no one entering any of the bank's multitude of branches would have found things noticeably different on the day the new title came into use from what they had been during Barclays DCO's final session.

Yet, standing a little further back one can see the change as marking a major landmark in an evolutionary process—a process that has, within the space of a few years, converted Barclays international arm along with its sister British overseas banks from an overhang from Britain's imperial past into international banking institutions fully equipped to hold their own in a world in which finance is becoming more and more internationalised.

Second up-dating

This was the second up-dating of Barclays overseas subsidiary's name, the DCO having been boiled down some years back from the "Dominion, Colonial and Overseas" appendage with which the bank had started life. But in a basic sense it was a much more significant one.

When the dismantling of the British Empire got under way after the end of World War Two, all British overseas banking institutions found it incumbent upon them to avoid treading on the toes of rising nationalism in the countries on which they were operating. Which meant not drawing attention to their *earlier association with the onward* march of the British Raj. But branch life continued to *develop on much the same lines* as it had before, while London headquarters remained occupied *very largely with supervising* their overseas networks and extending them as and when *suitable opportunities arose*.

This year's change, however, reflects a fundamental reshaping of its *way of life that* Barclays overseas empire has experienced in common with nearly *all the other overseas* banking networks with roots in London. To-day there is a growing tendency in the less-developed countries which have traditionally provided the main grazing grounds of British overseas banks for the foreign-owned banking institution directly answerable to headquarters in a distant capital to be seen as out of step with the times.

Plans for banking reform in less-developed countries *still* occasionally call for local majority ownership of the share capital. But more often there is a willingness to be content either with local incorporation of the guest banks' branch systems or a re-orientation of their activities that will enable them to remain active in organising the international side of local banking activity while accepting a dwindling role in domestic banking traffic.

Moving with this nationalistic tide or in some cases in advance of it, the London overseas banks have been busily establishing locally incorporated subsidiaries in many countries to run their branch networks there. Barclays branches in South Africa now operate under the banner of Barclays National Bank. There is a Barclays Bank in Zambia and equivalent institutions are planned for Kenya, Israel, Trinidad and Jamaica. Similar action is being taken by the Standard Bank and other London overseas banks.

Obviously the change in the banks' role in their main traditional sphere of activity has not been without its painful side. Much remunerative local business has been wholly or partially lost or *now has to be shared* with the "home side" partners. And where branch networks have been expropriated in their entirety, the compensation has often been much less than adequate.

Yet the fact that many of the less-developed countries have come to recognise the advantages of retaining the services of established foreign institutions for organising their external traffic, has meant that the British overseas banks have been able to carry on developing the *international* side of their business in traditional markets—and this just when the *scope for expanding it has been* increasing. For with a growing emphasis on private investment *funds in the flow of financial* resources from the affluent countries to the Third World and the Euro-currency market looking for new outlets for its over-abundance of funds, they have been in a favourable position to exploit the new emphasis in their activities.

It *is significant* that Bank of England statistics covering the activities of the international banking community in London point to a marked improvement in the performance of the British overseas and Commonwealth banks sector during the past year or so. Thus in the 12 months to the end of June last, their total deposits rose by more than a quarter to £6,346m., whereas for the international banks as a whole the increase was limited to about 20 per cent.

Moreover, to judge by profits *statements for the first half of* this year, earnings experience has derived considerable net *benefit from the upsurge in* activity notwithstanding the fact that costs have also been *increasing fast*.

It would, of course, be unwise to count on this good fortune continuing. President Nixon's August measures have set a chill wind blowing across the world. At the same time, the dollar's fall from grace has placed a major question-mark over the future of the Euro-currency market and international financial traffic in general. But one can presumably hope that the advanced countries will recognise the *importance of seeing that the* work of building up the living standards of less-developed *countries continues* at an appropriate pace, come what may. In view of the British overseas banks' *continuing deep involvement* in the financial affairs of the Third World, this should mean *that, if the world economic* climate is to become somewhat cooler for a time, they should experience less difficulty in adapting themselves to the new temperature than many other institutions.

Labour News

Toolroom shop stewards plan tougher action

BY ALEX HENDRY, LABOUR REPORTER

COVENTRY TOOLROOM stewards are expected to propose tougher action to-night when they meet to discuss their pay row with employers.

They have already banned overtime and staged a series of one-day strikes—to-day's will b the seventh. In reply the employers will lock out the strikers to-morrow, the second week of their retaliatory action.

The pay row is over the employers' decision to cancel the Coventry toolroom agreement—a wartime measure to ensure that toolroom rates kept pace with those of production workers.

On Saturday the district committee of the Amalgamated Union of Engineering Workers unanimously rejected new proposals put by the employers.

Mr. Andy Boyle, district secretary, said later that the employers' document was unimportant. "It called for the abject surrender of the union and it was unanimously rejected," he said.

He said the committee had taken a "very important decision" but would not reveal what it was before it had been put to the stewards' meeting to-night. But it is believed that this could mean strengthening the industrial action being taken by the 8,000 toolroom workers.

The employers have argued that the wartime agreement was "inflationary" but said that its cancellation would not mean a loss of earnings.

Other workers

This week 1,300 Rolls-Royce toolroom workers will get a £4-a-week pay increase as part of a plant bargain. The company has said that it will be assumed that anyone reporting for work has accepted the new deal and that those who want to continue supporting the industrial action should stay away until the deal is accepted.

Some of the one-day strikes have made up to 20,000 other workers idle and have hit car production because of the delays in carrying out maintenance to equipment.

Seamen campaign against £100 'fines' threat

BY OUR LABOUR REPORTER

MERCHANT SEAMEN could be "fined" up to £100 by ships' captains under a new regulation proposed by the Government.

But the National Union of Seamen is campaigning against the regulation which the Government wants introduced by June 1972. The union will warn employers that if they do not help to get the regulation withdrawn seamen will be instructed not to sign new crew agreements.

The union claims that the regulation will give ships' captains the right to stop up to £100 of a merchant seaman's wages for damage caused to company property.

A union spokesman said yesterday: "The captain will have this right on an allegation. There is no provision for a proper procedure to examine the allegation. The only way a man could recover the money stopped in his wages would be to take a civil court action."

A committee has been set up by the NUS to approach the Parliamentary Labour Party and the Government to explain the union's objections.

The regulation follows from the Pearson report on the industry—set up after the 1966 seamen's strike. The union spokesman added: "We always had the impression that the regulations would be negotiable. The change of Government seems to have led to a change in attitude."

Shippers' office staff next ASTMS target

BY OUR LABOUR REPORTER

SHORE-BASED shipping staff are to be the next target in the campaign by the Association of Scientific, Technical and Managerial Staffs to recruit City workers into union membership.

Mr. Clive Jenkins, general secretary of ASTMS, said yesterday that the union had been approached by staff of the P and O line and would be holding a campaign rally for them in London this week. The union is planning meetings at other major ports.

Membership

Mr. Jenkins added: "We understand that P and O has about 15,000 shore-based staff. We have more than 1,000 in membership already and will be recruiting among other shipping company workers."

He also announced that union membership at General Accident, where ASTMS claims one-third of the 9,000 workers in membership, went up by 650 in the first two days after the staff had received a letter from the union urging them to oppose a new staff association that is being set up.

The management of General Accident says it is not hostile to ASTMS but will not negotiate with it before it has a majority of the employees as members.

S. Times dispute must be solved in two weeks

BY ALEX HENDRY, LABOUR REPORTER

BOTH SIDES have agreed to a two-week deadline to solve the garage dispute which threatened to prevent the Sunday Times appearing yesterday.

The paper was reduced to 48 pages—on Friday the management had said 40 pages would be the maximum if the paper appeared at all. The previous week it was also reduced in size and 300,000 copies were lost.

Alternative site

The members of Natsopa, one of the main printing unions—who have been disrupting production in protest against the management's decision to close a garage making about 60 men redundant—called off their action when the management agreed to suspend the closure.

The garage, on a neighbouring site to the Sunday Times building, services the delivery vans used by the Sunday Times and its sister paper, The Times. The company said it wanted to close it down because it was uneconomic and was in any case on a site that was scheduled for redevelopment.

The union opposed the closure on the grounds that an alternative site could be found for the garage and that the losses which the company said it was making could be reduced by concentrating the work on delivery vans and stopping the practice of servicing cars owned by employees, or those company-owned cars used exclusively by individual employees.

Scanlon wants shorter hours to cut jobless

BY OUR LABOUR REPORTER

HUGH SCANLON, Left-wing president of the engineers' union, said at the week-end that the unemployment situation could be improved by cutting working hours and giving longer holidays.

He was speaking at the first of the TUC's rallies called to protest against the high level of unemployment. The nine-rally campaign will end with a mass lobby of MPs at the end of next month. It is planned to get 10,000 engineering workers in London and the South-East to stop work for half a day to take part in the lobby of Parliament.

Part of life

About 5,000 took part in the demonstration yesterday in Leeds and Mr. Scanlon told them: "These days the approach to unemployment seems to be that, while undesirable, it is a necessary part of life."

Mr. Scanlon proposed that redundant employees should not be sacked until alternative work had been found for them.

● More than 270 employees of a Nottingham dyeing company will lose their jobs when it is run down between November and the New Year.

The decision to close the 100-year-old Forest Works of Bulwell, finishing company has been taken because of declining orders. The company is a subsidiary of the Manchester-based Whitecroft group.

One hundred and ten workers at the Yale Security Products factory in Willenhall, Staffs., are to be made redundant this week. The workers, mostly women, were taken on at the beginning of the year to help clear a backlog of orders.

A spokesman said the backlog had now been cleared, and the company was returning to normal working.

About 30 production workers will lose their jobs with the closure on October 30 of the Swadlincote Bread Company, in South Derbyshire. The company, of Belmont Street, Swadlincote, was founded in 1927.

David Fishlock, Science Editor, looks at the progress and marketability of our high-duty materials, such as carbon fibre, titanium and zirconium

The trials of high technology

THE CRASH of Rolls-Royce early this year put paid to any remaining hopes Britain may have had of introducing a novel high-duty material, carbon fibre, faster than market forces normally permit. The normal pattern is a very slow build-up in demand as confidence grows, and a correspondingly leisurely decline in price.

High-duty materials are usually introduced in response to the demands of advancing technology. But there were those who believed carbon fibre to be so important an advance that it could be used to upgrade British engineering right across the board. This goal was potentially far more lucrative than any likely returns in royalties from licensing the manufacturing process abroad.

RB-211 engine

Unhappily—and quite unjustifiably—some of the stigma of Rolls' misfortunes seem to have stuck to carbon fibre. In fact the TriStar's RB-211 engines will have some components of carbon fibre, although the really important application, the big fan, has been set back for some years at least. The Receiver still intends to sell off the carbon fibre plant at Hucknall, along with the advanced materials subsidiary at Avonmouth, Rolls-Royce Composite Materials. He has received six bids—one of them foreign.

Meanwhile, Rolls-Royce re-designed its engine around a titanium fan. This is a metal of which Britain had great expectations a decade ago, when Concorde was born, yet which has remained too expensive for all but a handful of applications, chiefly in aerospace. To-day Imperial Metal Industries' plant at Witton, with a capacity exceeding 5,000 tons a year has, to quote Mr. J. D. Mountford, sales director of its new metals division, "very substantial spare capacity."

Carbon fibre's misfortunes will make no difference to the demand for titanium, despite the fact that each engine now needs another ton of the metal. This is because the big titanium forgings for the fan are being imported already machined. Although carbon fibre is a striking advance in strength-to-weight ratio over even this featherweight metal, commercial experience with titanium was undoubtedly a factor in ICI's decision in 1969 not to plunge into a big carbon fibre plant.

The RB-211 design for the TriStar currently calls for four to five tons of titanium ingots, split roughly three ways: discs, rings and blades, plus perhaps half a ton of titanium sheet. But IMI has already supplied much of the metal (other than fan blades) for the first production run. Discs, for example, are among the components with the longest "lead" times, and were in the pipeline long before the crash. Mr. Mountford expects no return to a normal ordering situation before 1972. Coupled with the depressed state of airline finances at present, he says "there's a limit to the comfort we've drawn from recent statements by Rolls-Royce and Lockheed."

For the same reason a question mark hangs over another big titanium market, which has grown much less fast than was expected when IMI laid down its plant. Concorde also requires 4-5 tons of the metal per engine, and another 13 tons elsewhere. So far, however, authority has been forthcoming to order long-lead items for only 16 aircraft.

The third big titanium market at present is the Hawker Harrier's Pegasus engine, approaching two tons of ingots apiece. Smaller, though just building up to its peak, is the Anglo-French Jaguar, the British version of which calls for about a ton of titanium all told.

MRCA project

Further ahead lies the Anglo-German-Italian MRCA, still being developed, for which sizeable orders cannot be expected before the mid-1970s. But the numbers are large and each of its twin engines will be needing upwards of two tons of titanium ingots.

Titanium costs from £1.50 per pound for the ingot to £6 per pound for foil. Happily for the producer, a great deal at present is discarded as waste. Engine components use on average only about 20 per cent. of the ingot, while in sculpting the airframe still more is whittled to waste. Scrap is not reclaimed, since no producer yet will stand the risk of contaminating a hyper-sensitive metal. Even so, Mountford sees no problem in meeting any demand for titanium likely to arise in the next two or three years.

Mrs. Marion McQuillan, technical director of IMI's new metals division, with Mr. John Woolner, production manager for special metals.

In Europe, aerospace still dominates the market for titanium, the breakdown being about 60:40. Outside aerospace, however, sales have been "very encouraging indeed," doubling between 1968 and 1970. But here, too, there has been a hitch, for sales of titanium for chemical plant have grown more slowly than was expected, and are unlikely to change in the next year or two. There has been compensatory growth in markets less vulnerable to the economic situation, from electrodes for copper refining to implants for orthopaedic surgeons.

A metal that once promised to take up some of the slack in titanium melting and fabricating capacity is zirconium, a close relative, principally of interest to nuclear engineers. It made its commercial debut with the nuclear submarine. But despite an expanding nuclear fleet—14 vessels afloat or on order—the British market remains flat, taking less than 5 per cent. of total national output of titanium.

Missing here is a domestic power market for water reactors. Any water reactor needs substantial amounts of a tough zirconium alloy called Zircaloy, which resists water corrosion: over three tons per 100 MW are needed for a pressurised water reactor, over five tons for a boiling water reactor, and 11 tons for a steam-generating heavy water reactor (SGHWR).

Although almost all the nuclear reactors now being built outside Britain are water reactors, there is fierce competition for these very sophisticated zirconium products—in Europe chiefly from France, Germany and Sweden. An executive of Tube Investments observed at the recent atomic energy conference in Geneva that for Britain to start building its SGHWR would require massive investment in new facilities to make zirconium pressure tubes.

Another new metal that excited attention a few years ago was niobium, which is heavy but highly resistant to heat. With its help, it was argued, engines such as the gas turbine could be run at temperatures several hundreds of degrees higher. Unfortunately niobium turbine blades, for instance, needed protection, and the surface coatings turned out to have holes. Hot gases got in and the metal simply came out through the holes.

Then in the 1960s a new application emerged. This was the superconductor, an electrical conductor that minimised losses and promised more efficient electrical machines. Alloys of niobium and titanium turned out to have a useful combination of mechanical and "superconducting" properties.

But copper and aluminium are very hard to improve upon for electrical engineering. The advantages of a conductor having no electrical losses were often outweighed by the greater expense and complexity of superconducting systems. Moreover, as Mrs. Marion McQuillan, technical director of IMI's new metals division, points out, "advances in superconductors meant that we've never got off the learning curve."

Mrs. McQuillan says that superconductor business is "still on a pretty modest scale"—last year it earned the company about £800,000, chiefly from cable for superconducting magnets for physics laboratories around the world.

'Composites'

The technology is troublesome, for the latest ideas call for very fine filaments of niobium-titanium alloy, dispersed in a predetermined pattern through a cable of copper—rather like the writing in a stick of rock, except that there is a precise twist to the pattern. Making these all-metal "composites" calls for a painstaking multistage extrusion process that slims each wire to microns without snapping it.

The cost of these composite cables to-day can be anything from £50-£300 per pound. While there may be some spectacular orders—a new bubble chamber designed in Britain for CERN will need superconductors worth £500,000—Mrs. McQuillan believes it will be the mid-1970s before superconductors really take off. The first big application could well be massive superconducting alternators for large-scale power generation; Westinghouse Electric is already building a 50 MW prototype.

The brightest prospect for advances among materials is for lightweight composites—plastics endowed with the strength and stiffness of metals. A decade ago these were regarded as aerospace materials. To-day they are spreading widely into engineering wherever weight can be shed advantageously.

The reinforcement that is setting the pace is glass fibre. Two major producers, Pilkington and Turner and Newall, dominate the market in Britain; the former is putting into new methods of making glass fibre the kind of effort it has put into "float" glass.

Wide range

Interest ranges from high-duty products such as airframe structures and gas centrifuge rotors to the massive market emerging for lightweight composite building materials. Pilkington has exclusive rights to a Government patent on alkali-resisting glass fibre for reinforcing cement.

Still stronger and stiffer as a reinforcement is carbon fibre. With British production capacity totalling only 50-100 tons, its price remains high—although low enough, the industry believes, to meet short-term competition from overseas rivals for any big contracts, such as might be placed by the tripartite gas centrifuge companies.

Meanwhile in the U.S., where despite heavy curtailment of aerospace activity a market for 200 tons a year of carbon fibre is forecast by 1975, the first results will soon be seen of the crash programme on carbon fibre that followed the orders to Britain for the RB-211 in 1968. Already for instance, Pratt and Whitney is testing scale models in carbon fibre of a major component, the fan exit case, for the rival JT9D engine.

Swiss-based fund halts redemptions

BY OUR OWN CORRESPONDENT GENEVA, Oct. 24.

INVESTORS CAPITAL TRUST, a small Geneva-based offshore fund operation, organised along the same lines as Investors Overseas Services, has suspended redemptions of its funds and is moving out of Switzerland.

ICT has successfully managed to stay out of the limelight throughout the IOS crisis. But it has now run up against the newly-strengthened legislation here concerning mutual funds operating from Swiss territory—even if registered elsewhere—and what appears to be a classical cash crisis resulting from loss of investor confidence and a steep rise in programme cancellations and withdrawals.

Its four funds—Dollar Fund, Fund of New York, Realstock and Fund of Nations—still total more than \$25m. of investors' money, according to company sources. But this is a steep drop from the claimed high of about \$70m. and a nearly 40 per cent. slump from the total six months ago.

Company sources suggested that the present difficulties were related to the dollar crisis and the blocking of redemptions was because a considerable proportion of the assets were invested in real estate which could not be realised in a hurry without substantial losses.

The files of about 12,000 clients have been shipped to Monte Carlo and it is claimed that the company, a Panamanian corporation with headquarters in Toronto, will continue operations from there.

Marsh to give evidence to U.S. Senate committee

BY ELSBETH GANGUIN

MR. RICHARD MARSH, Chairman of British Rail, is flying to the U.S. to-day to give evidence before the Senate Sub-Committee on Surface Transportation later this week in Washington.

This is Mr. Marsh's first trip overseas in his capacity as chairman since he took over on September 13. It will be the first time, too, that any chairman of BR has given evidence to a Senate Committee.

The Sub-Committee on Surface Transportation operates under the chairmanship of Senator Vance Hartke (Democrat, Indiana) and is studying the problems of integrated transport systems.

Mr. Marsh will speak at a public hearing on Thursday about British Rail being "a business, not just a social service."

He was Minister of Transport when the present Transport Act went through Parliament. Its keynote, as far as British Rail is concerned, is "profitability." It is thought, therefore, that in spite of his short tenure of office, Mr. Marsh will be well equipped to give evidence on this subject.

He will be followed, on Friday, by Dr. Sydney Jones, BR Board member for engineering and research, who will describe the growth in BR of inter-city passenger services. He will also talk about BR's new technology to meet future needs in the shape of the advanced passenger train, designed to run at speeds of up to 155 mph on existing tracks.

British Rail says that Mr. Marsh and his team are the first witnesses from outside the U.S. to appear before the sub-committee. The invitation followed a presentation by BR scientists last April, when they explained the concept of the advanced passenger train to Mr. John Volpe, secretary of the U.S. Department of Transportation, and to executive departmental heads.

Jethou island sold for over £45,000

Financial Times Reporter

GUERNSEY, Oct. 24.

THE lease and effects of the privately-occupied tax-free Channel Island of Jethou have been sold for a sum stated to be "well in excess" of the original asking price of £45,000.

The sale was made at a private auction lasting less than two minutes held on the island yesterday afternoon. Three would-be purchasers raised the bidding by £1,000 a time. The deal is subject to Treasury approval as Jethou is Crown property.

The existing lease has 24 years to run at an annual rent of £100. The successful bidder has asked to remain anonymous at this stage.

RECORD OUTPUT FOR JAGUAR

A record number of Jaguar and Daimler cars were built in the past year and there was a "healthy" increase in home deliveries, Jaguar said at the week-end.

Exports remained at about 18,000 from October, 1969, to September, 1970, but home deliveries went up from 12,000 to 14,000. The extensive delivery delays are being reduced to more predictable proportions, said Jaguar.

ISSUE NEWS AND COMMENT

Offer for sale in Pork Farms

Lists open on Thursday October 28 for the offer for sale by Samuel Montagu and Co. of 1.05m. Ordinary 10p shares in Pork Farms at 115p per share.

The business of the group is the manufacture and sale of meat products — mainly under the "Pork Farms" and "Parr's" labels—and in particular pork pies, pork sausages, bacon, ham, steak and kidney pies and pastries. About 70 per cent. of the group's sales are made direct to multiple and independent grocers, butchers and other stores; the remaining 30 per cent. are made through the group's own retail outlets. These outlets consist of 46 shops located in the Midlands and South Yorkshire.

Turnover of the group has risen from £615,000 in 1961 to £4.4m. in 1970-71. Pre-tax profits in the same period have moved from £20,000 to £278,000 However it is fair to point out that the profits record up to 1969 was uninspiring. At this stage F W. Farnsworth, a company trading under the name of Pork Farms, was acquired and the effect on profits has been significant.

For the current year ending February 26, 1972, pre-tax profits are forecast at not less than £400,000. The directors expect to recommend a final dividend of 30 per cent. In a full year and on the basis of these profits dividends totalling 50 per cent. would be recommended. At the offer price the dividend yield would be 4.34 per cent., covered 1.6 times, and the p/e 14.37.

Brokers are Laurence, Prust and Co. in London, Smith Keen Barnett in Birmingham and Hopewell, Powell, Trease and Co. in Nottingham.

● comment

Pork Farms' fortunes certainly perked up following the acquisition and subsequent reorganisation of Farnsworth in 1969. This took place at a time when the meat products market, in particular pork, was apparently starting a phase of rapid expansion, a point emphasised by the results of Scot Meat and of late Bowyers. While the subsidies received from the Government under the bacon stabilisation scheme must have been a contributing factor behind the growth Pork Farms feels that any cutback can be more or less recouped from price increases of its own products. This being the case, the firmness of fresh meat prices, clearly the boost behind the expansion of manufactured meat products, should stand the group in good stead for the future. But despite this potential the flotation price is no give away, with Scot Meat and Bowyers, given their greater market penetration, on prospective p/e's of about 16. So while Pork Farms looks one for the portfolio there seems little in it for the stags.

Prospectus Pages 32 and 33

M. P. Kent flotation

Brokers Sandelson and Co. are offering 1.5m. Ordinary 10p shares in M. P. Kent at 47p per share.

The Group is engaged in housing, commercial and industrial developments in the South West and housing in the Home Counties, sub-contracting all construction work and concentrating exclusively on management expertise.

Turnover in the past three years has risen from £1.2m. to £1.9m., with commercial and industrial developments contributing £399,000 and £206,000 respectively of the total, and housing £790,000 and £1.7m. At October 1, 1971, the group held nine freehold sites, mainly in Bristol, for commercial and industrial developments, and freehold sites for residential developments for a total of 1,107 units.

Pre-tax profits have jumped from £7,800 in 1961-62 to £203,000 in 1970-71. For the current year ending June 1972 profits are forecast at £310,000 and the directors expect to recommend dividends totalling 28 per cent.

At the offer price the shares would yield 5.96 per cent. covered 1.16 times by earnings of 4.51p a share. The flotation p/e is 10.42.

● comment

With boom conditions in the building industry this year and companies in the sector getting a substantial upward re-rating, M. P. Kent has timed its flotation to a nicety. What is more, profits —more than doubled over the last two years—have also come good at the right time. A longer period of real growth, admittedly there is a forecast of a 50 per cent. jump in 1971-72, would have been more reassuring, for would-be investors are, after all, backing the management's expertise since the group does not undertake the construction of any development. This apart, the set-up has its attractions. Management and labour is kept to the bare minimum, no capital is tied up in plant or materials, while, more important, the group knows the cost of a development from the outset.

While Kent is undoubtedly an unusual animal, it does have much in common with Crest Homes, although the latter is not so well represented in the industrial and commercial field as is Kent. Assuming about a 30 per cent. growth from Crest in the current year would put it on a p/e of just under 10, so on this basis the rating for Kent looks about right allowing a little extra for the more profitable industrial and commercial content.

Prospectus Pages 34 and 35

Vernon Fashion placing

Brokers Sternberg Flower and Co. have completed arrangements for a placing of 630,000 Ordinary 10p shares of Vernon Fashion Group at 47p per share.

The business of the group is the retailing of ladies' and girls' clothing. The retailing of ladies' clothing accounts for approximately 85 per cent. of the current sales turnover and the retailing of girls' clothing accounts for the balance. The group operates 55 retail shops, 24 of which are in the North of England and 18 in the Midlands.

In the 10 years since January, 1962, the group's turnover has increased from £208,000 to £1.15m. Over the same period pre-tax profits rose from £8,400 to £84,000. Pre-tax profits for the current year ending January, 1972, are forecast at not less than £140,000. The directors expect to recommend a dividend of not less than 18 per cent. On the basis of these profits in a full year dividends totalling 32 per cent. would be recommended. At the placing price of 47p the dividend yield would be 6.81 per cent., covered 1.65 times, and the p/e 8.92.

● comment

As a small retail company in the rag trade Vernon Fashion Group is hardly likely to conjure up great investment appeal. The group's profits record up to 1969 leaves much to be desired but since then a rapid expansion of outlets coupled with some reorganisation have paved the way for better results. Thus Vernon now seems to be on a firmer footing but in the absence of any freehold property and taking account of the small capitalisation the shares are unlikely to push much ahead of the placing price.

Particulars Page 4

OFFICIAL QUOTATIONS

Airfix Industries—30,000 Non-Voting Ordinary shares of 20p each, fully paid.

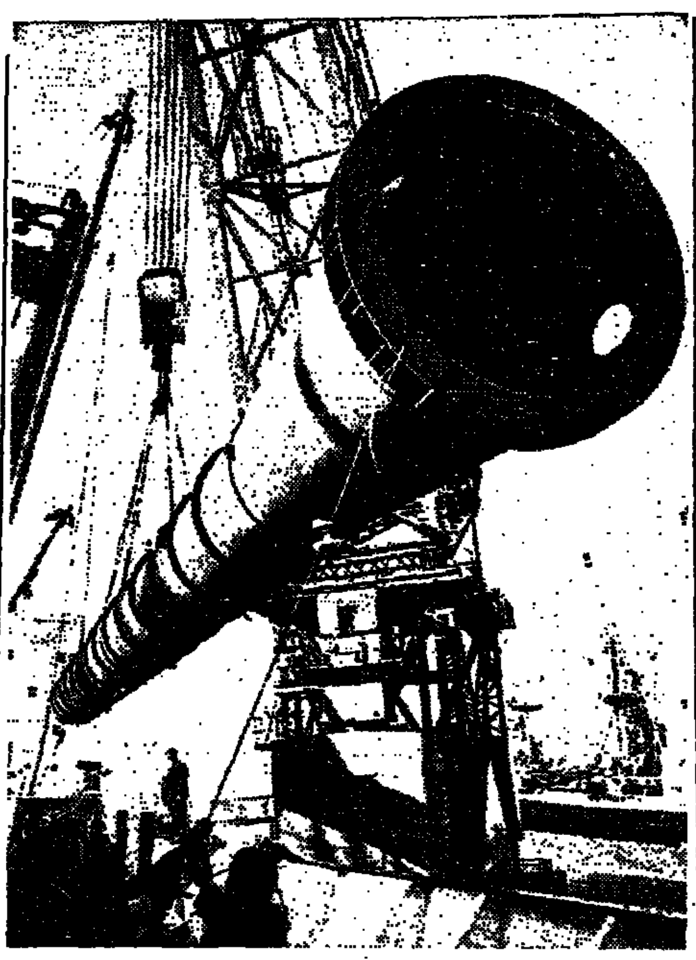
Fothergill and Harvey—550 Ordinary shares of 25p each, fully paid.

Harris and Sheldon Group—21,000 Ordinary shares of 25p each, fully paid.

Mid-Sussex Water Company—£1,200,000 8½ per cent. Redeemable Preference stock, 1976, fully paid.

Plantation Holdings—£175,233 New 11 per cent. Convertible Subordinated Unsecured Loan stock, 1991-96, fully paid.

Plassey Company — 50,000 Ordinary shares of 50p each, fully paid.



This 100-foot-long distillation column for the removal of heavy ends, destined for a new chemical plant being built in Korea, was recently loaded on board the cargo liner Prometheus by Ocean Port Services, the stevedoring company in the Ocean Group. The 15-ton column was loaded at Vittoria Dock, Birkenhead, with the use of a floating crane. The shipping and forwarding agent for the contract is Translloyd Overseas.

COMPANY NEWS

Farnell growth forecast

IN THEIR interim report, the directors of Farnell Electronics say they are confident that results for the year to January 31, 1972, will show "a substantial and very satisfactory" increase over 1970-1971.

Trading has continued throughout the current year to date with a very satisfactory rate of growth and profitability, they report.

As stated on October 21, profit for the first six months advanced from £182,331 to £234,411, before tax of £87,904 (£82,050), and the interim dividend is raised from the equivalent of 6¼ per cent. to 7½ per cent.

Turnover increased from £2.28m. to nearly £3m. in the period.

British Steel Piling

British Steel Piling Company (Holdings) is seeking to increase the borrowing limits laid down by its articles. The proposals, if approved, would involve increasing the rate of the Preference dividend from 6½ per cent. to 7½ per cent. per annum from November 1, 1971.

As known, the company's agency agreement with the British Steel Corporation for distribution of steel sheet piling will expire in September, 1972. The directors are therefore actively seeking other businesses with a view to replacing the income which will be lost and generally for the purpose of expanding the group—they feel the present borrowing limit is unduly restrictive and affects the ability to expand.

The directors have been advised by Guinness Mahon and Co. Extra-ordinary meetings will be held on November 15.

Change Wares confident

While it is difficult to forecast results for the current year, the directors of Change Wares are confident that the group's steady progress will continue.

Chairman Mr. R. A. Crane says turnover for the first quarter shows an improvement, and he believes this reflects both an advance in market share and increased confidence in the durable goods industry as a result of relaxation of HP regulations.

During the same period the company has achieved record export sales and is actively exploring further overseas markets.

The group specialises in the fabrication and finishing of precision wirework, and supplies modular shopfitting equipment. It was made public a year ago.

As reported on October 1, group profit for the year to July 3, 1971, came to £277,457 (£240,451) and the dividend is 37½ per cent. Turnover totalled £3.98m. (£3.31m.).

An analysis shows: Change Wares Manufacturing turnover £2.09m. and profit £169,048; Chrome Mesh Equipment £1.88m. and £108,409.

Meeting, Winchester House, E.C., November 17, at noon.

FT Share Information Service

The following securities have been added to the Share Information Service appearing in the Financial Times.

Eaton Corporation (Section: Americans).

Buckley's Brewery (Section: Beers, Wines and Spirits).

Unitech (Section: Electricals).

Cowlishaw Walker and Co. (Section: Engineering and Metal).

Shaw (R. G.) and Co. (Section: Industrials).

Throgmorton Trust 8¼ per cent. Convertible Unsecured Loan Stock 1988/92 (Section: Trusts).

UNIT TRUSTS

Scotyields half-year

Gross distribution by Scotbits Securities' Scotyields Unit Trust for the six months to August 31, 1971, is 99.5p per 100 units (61p net), making a total 1971 payment of 184.49p gross (113p net). On August 31, Scotyields had a yield of 4.24 per cent. and it is intended to endeavour to maintain a yield about 25 per cent. above the market as whole.

In his half-yearly report, Mr. J. Hebblethwaite, managing director of Scotbits referred to the large inflow of funds, mainly from the purchase of Scotyields units by Save and Prosper Linked Investment Trust. He says with new money at their disposal, the managers have taken the opportunity to increase their holdings of a number of shares, notably in oils, breweries and high-yielding commodity shares in the tin and rubber sectors.

The balance of the portfolio has been maintained with gilt-edged securities having been bought awaiting suitable investment opportunities and sold when cash was required to purchase equities.

BIDS AND DEALS

Transport Development acquisition

Transport Development Group has acquired the issued share capital of Reliance Motors (Sale), of Sale, Cheshire, in a deal worth £418,000.

The company, which has a fleet of 41 tanker vehicles providing contract and other specialised services in the Manchester area, will continue under the direction of the present managing director, Mr. T. W. Seddon.

Consideration for the acquisition consisted of the issue of 475,000 Ordinary shares of 25p of TDG, which closed on Friday at 88½p.

Metropolitan Gas Meters forecast

Unaudited pre-tax profits of Metropolitan Gas Meters for the half-year to March 31 last were £79,000 (£79,500) but the estimate for the full year to September 30 is £140,000 against £128,305. These details are given by chairman Mr. H. Adcock in a letter with the formal agreed offer from Thorn Electrical Industries which closes on November 12.

Mr. Adcock points out that the decision of the Gas Council to switch to central buying of meters will mean that only those suppliers with sufficient productive capacity will obtain contracts. As the company is the smallest supplier in the U.K. this section of the business faces an "uncertain future."

Furthermore, the repair of meters which has in the past provided about one-quarter of profits is threatened by the decision of the Gas Council to replace rather than repair faulty meters.

While the other activities continued to show improvements, they contribute less than half of the total profits.

"In all the circumstances and in view of your company's close connection with the Thorn Group both your Board and that of Thorn felt that there would be considerable advantages if your company were to become fully integrated in the Thorn Group," Mr. Adcock declares.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-division shown below is based mainly on last year's timetable:—

TO-DAY

Interims: British Investment Trust, Brooke Tool, Clarke (T.), F.C. Construction, Lankro Chemicals, Pontin's, Reed Executive, Unley (Wm.).

Finals: Central Manufacturing and Trading, Enalon Plastics, Rye (Claude).

FUTURE DATES

Interims—	
Lanca	Oct. 28
London Tin Corporation	Oct. 27
Newbold and Burton	Oct. 27
Scotia Investments	Nov. 3
Sphere Investment Trust	Oct. 28
United Carriers	Nov. 2
Whitbread Investment	Oct. 28
Finals—	
Associated British Maltsters	Nov. 5
Bardoin	Oct. 29
Berry Trust	Nov. 19
Cohen (George) 600 Group	Dec. 2
Colonial and General Inv. Tst.	Nov. 2
Dennis (James H.)	Oct. 27
Golden Hope Plantations	Oct. 28
Hepworth (J.)	Nov. 1
House of Sears	Oct. 28
London and Prov. Shop Centres	Oct. 28
Longmore Bros.	Oct. 26
Lowland Investment	Oct. 29
McKechnie Bros.	Oct. 28
Pyke (W. J.)	Nov. 9
Radley Fashions and Textiles	Nov. 9

† Amended.

ETCHELLS CONTROL GOES TO U.S.

David Etchells (Machinery), for 98 years closely associated with the fastener and hot forging industries, has sold all its assets and goodwill to an American investor.

A new British company, Etchells Machinery, has been formed to continue and expand the previous company's activities of manufacturing and international marketing hot forging machinery and associated equipment.

Through the purchase, which was effected by a Californian, Mr. F. Klaus, it is hoped that the metal forming product range will eventually expand into the cold forging industry—an area with which Mr. Klaus had long been associated in America.

Initially, details are being finalised for Etchells to implement the entire marketing operation for a range of "Colforg" bar cropping units, originally the products of International Cold Forging Corporation of Monaco, now a Californian company, purchased by Mr. Klaus immediately prior to the Etchells acquisition.

The management structure will be unaffected by the change of ownership, excepting that Mr. Klaus will become chairman and two of his American personal management team also become directors. Mr. B. Moy will remain as managing director and included on the Board will be Mr. C. W. Kieft and Mr. J. P. Etchells who have accepted an invitation to serve as directors.

WINDRAYTON STAKE IN G. A. ROBINSON

Windrayton, a private investment company whose directors are Manchester businessman Mr. D. A. Boothman and Mr. E. Landau, has acquired 49.7 per cent. of the issued Ordinary shares of G. A. Robinson (Stoke-on-Trent) from the family holding of the chairman, Mr. G. A. Robinson, his wife and trustees, at an average price of 30½p per share. An offer by A. S. Schwab and Company is to be made to the remaining shareholders.

Robinsons is a public company of engineers, merchants and caravan park operators.

BURNS INT. TO ACQUIRE UNI-MET SECURITY

Burns International Security Services Inc. has reached agreement in principle to acquire in an exchange of stock Uni-Met Security Services, Great Britain's fourth largest independent guard company. The acquisition requires Bank of England approval.

Frederic E. Crist, Burns' president, said preliminary discussions on other overseas acquisitions were under way and that Uni-Met's London headquarters might become the base for further expansion in the European market. Burns currently has over 100 offices including foreign offices in Canada, the Caribbean area and Colombia, South America.

Uni-Met's main operations are in London, Manchester and Portsmouth and include uniformed guard, mobile radio patrol and guard dog services. A. K. Shepherd, a former superintendent in the Colonial Police Service and in recent years a corporate security officer, will be Burns' managing director in the U.K. Uni-Met, a privately-held company, was founded in 1963 by George Spindlove who will remain as a consultant.

Leeds & District Dyers

Leeds and District Dyers and Finishers has acquired the outstanding minority interest in its subsidiary Colourflex for £72,[illegible] cash. This is in satisfaction of the loan and equity subscribed by the minority holder.

Colourflex was formed in 19[illegible] with 65 per cent. owned by Leeds Dyers and 35 per cent. held by a West German company.

Dyeing and finishing of mohair worsted tropicals, previously carried out at Buckle Crossley and Co., has now been transferred to Scott and Rhodes at Yeadon. It is intended, during the next year, to transfer the production of Thomas Canby and Co. of Huddersfield, to Wade Holroyd at Rawdon.

During the past year to September 30, 1971, group sales have increased from £1.6m. to over £2m. and it is hoped that the new company structure will facilitate further expansion by concentration on anticipated growth areas, the directors state.

UBM—RYCROFT & FINCH

United Builders Merchants has now circulated shareholders with full details of the acquisition offers for Rycroft (Bradford) Holdings and B. Finch Holdings, both previously announced.

Full implementation will involve the issue of 2.9m. UBM shares plus £1,690,000 in cash. In this connection UBM proposes to increase its issued capital by [illegible] shares, and an extraordinary meeting to approve the increase has been called for November [illegible].

LCP/EVANS

ICP Holdings announces that in regard to the bid for F. Evans (Holdings), the 617,[illegible] Evans shares to be acquired from Company Developments at [illegible] each will now be on a part share exchange basis—namely the [illegible] LCP for every three Evans offered to other shareholders.

CD has accordingly elected to take 250,000 shares of LCP in respect of 375,000 of its present holding of Evans Ordinary and cash at 75p for the balance.

PONTIN'S EXPANDS

Pontin's has agreed to acquire the capital of Seacroft Holiday Camp, which owns a holiday centre at Hemsby-on-Sea, near Great Yarmouth. This centre, known as Seacroft Holiday Residential Club, has previously been managed by Mr. Jack Bishop and members of his family and they have agreed to continue to be responsible for management in the 1972 season.

RESULTS AND ACCOUNTS IN BRIEF

ACHABAM TEA COMPANY—Results for 1970 reported September 15. Fixed assets £179,742 (£183,823). Net current assets £30,671 (£26,042). Of substantial holdings, James Finlay and Co. holds 25.27 per cent.; Consolidated Tea and Lands Company 9.30 per cent. and Kanan Devan Hills Produce 9.40 per cent. Meeting, 82-84, Fenchurch Street, E.C., November 11, noon.

APEX PROPERTIES—Results year to March 31, 1971 already known. Group fixed assets £2,152,410 (£2,198,299). Mortgages £1,602,386 (£1,592,612). Properties, excluding interest in New Malden Properties, have market value approximately £1m. in excess book figure. Meeting, 243-247, Pavilion Road, S.W., November 16, noon.

BORHAT TEA COMPANY—Results for 1970 reported September 17. Fixed assets £178,427 (£180,936). Net current assets £197,780 (£93,323). James Finlay Company has holding of 44.38 per cent. in Borhat capital. Meeting, 82-84, Fenchurch Street, E.C., November 11 at 12.15 p.m.

BRITISH BURMAH PETROLEUM—Profit for year to March 31, 1971, £13,856 (£15,373) before tax £375 (£70). To general reserve £16,399 (£13,303). Meeting, Bombay, November 19.

CLIFTON INVESTMENTS — Interim dividend 4½ per cent. year to March 31, 1972 (4 per cent. and total 12 per cent.). Gross revenue first half £31,192 (£29,807).

GRANT BROTHERS (department stores, Croydon)—Profit half year to July 31, 1971, £54,368 (£57,830). Interim dividend 6¾ per cent. (same) already reported.

HELICAL BAR (ferro concrete structures)—Results year to April 30, 1971, already known. Steel reinforcement and allied services turnover £2,683,237 (£2,031,231) and building contracting and manufacturing £30,002 (£1,505,724). Group fixed assets £157,501 (£211,183). Net current assets £230,685 (£177,377). Tax dispute concerning basis periods for assessment of profits of past years following change in accounting date was decided in company's favour by the Court of Appeal. Inland Revenue authorities have, however, given notice of appeal to the House of Lords and accordingly tax provision still reflects the worst position. Chairman says current year is likely to be "a very lean one." With this in mind, despite much improved results Board do not feel able to recommend a dividend for 1970-71. However, when level of borrowings from bankers is adjusted, which is expected in near future, Board will then be able to give consideration in future to dividends based solely on trading performance. Meeting, 29, Aldermanbury, E.C., November 11 at 3 p.m.

MILN MARSTERS GROUP (plant breeders and seed specialists)—Results for year ended May 31, 1971 reported September 8 with chairman's comments. Group fixed assets £395,970 (£388,262). Net current assets £550,104 (£473,789). Meeting, Europa Hotel, London, November 2, at 11 a.m.

NORTHERN TRANSVAAL LANDS COMPANY—Net profit year to June 30, 1971, £340 (£31) increasing retained profit to £10,129. Meeting, 62 London Wall, E.C., November 18, noon.

PALACE (TORQUAY)—Dividend 2½ per cent. year to May 31, 1971 (same). Net profit £12,287 (£15,164) after tax of £6,500 (£16,500).

PANAWATTE TEA AND RUBBER ESTATES—Results 1971 reported October 13. Group fixed assets £672,049 (£677,906). Net current assets £98,198 (£93,767). Chairman says results to date are on par with 1970 though there is still time for an improvement to show. Meeting, 37, Queen Street, EC, November 11, at 11 am.

RUBBER ESTATES OF CEYLON—Interim dividend 10 per cent. (15 per cent. and total same) for 1970. No further dividend will be recommended for 1970. Profit £25,081 (£25,777). Transitional overspill relief £700 (£425). Pre-tax profit £33,038 (£33,175). Tax £13,436 (£14,000). Transfer for replanting reserve £2,000 (same). Provision for foreign exchange £4,460 (£8,302). Entitlement certificates dividend £4,410, (£6,615). Forward £8,733 (£7,258).

SCOTTISH MORTGAGE AND TRUST COMPANY—Interim dividend 4 per cent. (same—total 12 per cent.) for year to March 31, 1972. Gross investment income, half-year ended September 30, 1971, £1,598,099 (£1,690,014 and £3,190,648, year ended March 31, 1971). Net assets including investments at market value £94,587,835 (£79,413,943 and £83,209,587). Asset value per 25p Ordinary stock unit after deducting prior charges at par on September 30, 1971, 128p (105p and 110½p). Full dollar premium included in above 10p (9½p and 8p).

TEA CORPORATION—Results year to January 31, 1971, reported October 22. Fixed assets £140,431 (£141,210). Net current assets £20,033 (£7,163). Extensive replanting programme being continued with 55 acres planted in 1970-71 and 40 acres scheduled for this season. Crops to September 30, 1971, are up 2,292 lbs to 992,871 lbs. Sold to that date 818,315 (856,705) lbs at 11.99 (11.14)p average per pound. Meeting, Sevenoaks, November 15 at 12.30 p.m.

TRAVANCORE TEA—Harvested, 12 months to September 30, 1971, 8,373,232 (8,173,307) lbs. Yield per acre 1,591 (1,560) lbs. Sold to date 6,758,415 (6,373,469) lbs at average, net 13.82p (12.35p) per pound. Estimated average for whole crop 13.75p (12.65p actual). Estimated cost 11.00p (10.83p). Net margin before depreciation, tax, etc. 2.75p (1.82p) per pound. Crop lower than anticipated due to strike during heavy cropping months. Most of increase in profits resulting from higher sale price will be absorbed by the very high rate of Indian Tax introduced last year.

WIMBLEDON STADIUM—Interim on Deferred shares 8 per cent. (6 per cent —total 16 per cent.) for year to March 31, 1972. Net receipts half-year to September 30, 1971, £181,816 (£166,478). Deduct totalisator betting duty £94,635 (£88,053) leaving operating profit £87,181 (£78,425). Add investment income £12,587 (£8,554). Net profit £65,049 (£49,979) after tax £35,000 (£37,000). Directors say present trend indicates that profit for year will exceed that of previous year. In addition, since July, company has been permitted to hold an increased number of greyhound meetings in each [illegible] which will improve profitability.

MINING BRIEFS

CENTRAL NORSEMAN GOLD—Company announces that it has been decided to defer any further dividend pending clarification of the position regarding amounts available for distribution as exempt dividends.

Pending dividends timetable

For the convenience of readers, the dates when some of the more important company dividend statements may be expected in the next few weeks are given in the following table. The dates shown are those of last year's announcements, except where the forthcoming Board meetings (indicated thus*) have been officially published. It should be emphasised that the dividends to be declared will not necessarily be at the amounts or rates per cent. shown in the column headed "Announcement last year." Preliminary profit figures usually accompany final dividend announcements.

	Date	Announcement last year
Assoc. Biscuit	Nov. 11	Int. 7%
Assoc. Newspapers	Nov. 11	Int. 7½%
Aust. and Wiborg	Nov. 19	Int. 4%
Aust. and NZ Banking	Nov. 30	Final 5%
BTR Leyland	Sept. 10	Int. 7½%
Beaverbrook Newspapers	Oct. 16	Final 9%
Beecham Gp.	Nov. 10	Int. 11%
*Birmid Qualcast	Nov. 10	Final 10½%
*Boots	Nov. 11	Int. 7%
*Bowring (C. T.)	Nov. 11	Int. 12%
Bright (J.)	Nov. 12	Int. 5%
Brit. and Comm. Shipping	Nov. 13	Int. 6%
Brockhouse (J.)	Nov. 27	Final 8½%
Brooke Bond Liebig	Nov. 18	Final 5½% §
Brown Shipley	Nov. 20	Int 6%
*Butlin's	Oct. 27	Int. 15%
*Cape Asbestos	Oct. 26	Int. 7½%
Cavenham	Oct. 31	Int. 4%
Charter Cons.	Nov. 19	Int. 10%
*Chloride Elect.	Nov. 3	Int. 5%
Chubb	Nov. 12	Int. 4%
*Clive Bldgs.	Oct. 27	Int. 6¼%
Coats Patons	Nov. 20	Int. 4½%
*Cohen (George) 600 Grp.	Dec. 2	Int. 5%
Cory (Wm.)	Nov. 26	Int. 3½%
*Courtaulds	Nov. 10	Int. 8½%
Daily Mail	Nov. 18	Int. 9%
*Debenhams	Oct. 27	Int. 7½%
*De La Rue	Nov. 2	Int. 5%
*Dunlop	Oct. 29	Int. 6½%
European Ferries	Nov. 27	Final 33⅓% forecast
Fenner (J. H.)	Nov. 26	Final 9%
Finlay (Jas.)	Oct. 28	Int. 3½%
Firth Cleveland	Nov. 21	Int. 16%
Furness Withy	Oct. 29	Int. 5%
*Golden Hope	Oct. 28	Final 28%
Gt Unvsl. Strs.	Nov. 27	Int. 20% §
Guinness Mahon	Nov. 24	Int. 4½%
*Hambros	Nov. 2	Int. 7½%
Hardy (Furns.)	Nov. 24	Int. 4.4% §
*Head Wrightsn.	Nov. 4	Int. 3½%
Hepworth Ceramics	Nov. 24	Int. 2½%
*Hill Samuel	Oct. 26	Int. 5%
House of Fraser	Nov. 13	Int. 12½% §
Johnson Matthey	Nov. 26	Int. 3½%
Kuala Kepong	Oct. 30	Int. 5%
Land Secs.	Nov. 18	Int. 3%
Laporte Inds.	Nov. 26	Int. due
Lister and Co.	Nov. 17	Final 9%
*Lloyd (F. H.)	Nov. 18	Int. 5½%
*London Tin	Oct. 27	Int. 10%
*Lucas (J.)	Nov. 8	Final 6½%
Lyons (J.)	Nov. 27	Int. 4 7-12th%
*McKechnie Bros.	Oct. 28	Final 16½% §
*Metal Box	Nov. 19	Int. 5½%
Met. Est. and Prop.	Nov. 28	Final 14% forecast
Minet Hldgs.	Oct. 23	Int. 15% §
Natl. and Coml. Bkg.	Nov. 13	Final due
*Pontin's	Oct. 25	Int. 6%
Powell Duffryn	Nov. 27	Int. 3%
Readicut	Nov. 5	Int. 6%
Rediffusion	Nov. 28	Int. 5%
Reed Intl.	Oct. 27	Int. 5%
Renold	Nov. 20	Int. 4½%
Robertson Foods	Nov. 14	Int. 6%
Ropner Hldgs.	Nov. 13	Int. 2½%
Rothschild Inv. Tst.	Nov. 4	Int. 2½%
Selection Tst.	Nov. 27	Int. 25%
*Sheepbridge Eng.	Oct. 28	Int. 7% †
*Smith (W. H.)	Nov. 17	Int. 3½%
*Smiths Industs	Nov. 2	Final 7%
Swan Hunter	Nov. 18	Int. due
Trafalgar House	Nov. 13	Int. 7% §
Tunnel Cement	Nov. 27	Int. 5%
Turner and Newall	Nov. 27	Final due
Unilever	Nov. 5	Int. 17½%
Unilever NV	Nov. 5	Int. 12.55%
Ward and Goldstone	Nov. 27	Int. 6%
West (Allen)	Nov. 26	Int. 5%

* Board meetings intimated. † Rights issue since made. ‡ Tax free. § Scrip issue since made from reserves.

Local authority investments

LOCAL AUTHORITY loan rates were stronger in the mortgage field last week, and also hardened in the temporary field. Loans at seven-days' notice rose from 5-5¼ per cent. to 5¼-5½ per cent. by Wednesday and were also at that level on Friday, when conditions in the Discount market tended to be short.

The Financial Times Government Securities Index fell to 79.05, compared with 79.52 at the end of the previous week.

The issue of Greater London Council 7¾ per cent. stock, 1981, at £99, was undersubscribed, and about 41 per cent. was left with the underwriters. Dealings in £10 paid form closed at 9⅛. GLC 91-day bills were allotted by tender last Monday at an average rate of discount of £4.5934 per cent., compared with the then going Treasury bill rate of £4.6103 per cent. Applications for the £35m. bills offered and allotted totalled £152.7m. Tenders at £98.85 were met as to 35 per cent.

One-year local authority bonds were placed at £99⅞ per cent., with a coupon of 5⅜ per cent. In addition, 18-month 5¾ per cent. bonds were placed at par, and two-year 6¼ per cent. bonds at £99⅞ per cent., while three-year 6⅜ per cent. bonds, four-year 6⅞ per cent. bonds and five-year 7⅛ per cent. bonds were placed at £99⅞ per cent.

Public Works Loan Board rates were cut over most of the range, with some rates for long-term loans increasing. Quota and non-quota loan rates were generally reduced by between ⅛ per cent. and ¼ per cent.

*Rate (%) October 22, 1971

2 days' notice (deposit receipt)	5¼—5½
7 days' notice (deposit receipt)	5¼—5½
7 days' notice after one month (deposit receipt)	5—5¼
7 days' notice after three months (deposit receipt)	5¼—5½
7 days' notice after six months (deposit receipt)	5⅜—5[9/16]
Mortgage at one month's mutual notice after 11 months	5¾—5⅞
Mortgage at one month's lender's notice after 11 months (nominal term 2-5 years)	5[15/16]—5¾‡
2 years' mortgage	6⅜—6[7/16]
3 years' mortgage	7—7[1/16]
4 years' mortgage	7⅛—7[3/16]
5 years' mortgage	7⅜—7½
6-10 years' mortgage	7½—7⅝
11-30 years' mortgage	7⅞—8⅛

* Rates are for sums not less than £20,000 and are subject to local variations and fluctuations. † Nominal. ‡ The shorter nominal period may carry a higher rate than the longer.

Public Works Loan Board rate

(Effective time October 23)

Years	Quota loans Repaid By instalment	Quota loans Repaid At maturity	Non-quota loans Repaid By instalment	Non-quota loans Repaid At maturity
Up to 5	5¾	6¼	6¾	7¼
Over 5, up to 10	6¼	7¼	7¼	8¼
Over 10, up to 15	6¾	7⅞	7¾	8⅜
Over 15, up to 25	7⅜	8⅜	8½	8¾
Over 25	8	8¾	8¾	9

APPOINTMENTS

Reyrolle Parsons group changes

Mr. G. T. Coughtrie, deputy group managing director of Reyrolle Parsons, has been appointed deputy chairman of A. REYROLLE AND CO. Dr. K. J. Wootton, previously managing director of C. A. Parsons and Co., has been appointed deputy chairman of that company.

Mr. F. C. Krause, Reyrolle's general manager, has been appointed managing director of C. A. Parsons and Co., and has relinquished his membership of the Reyrolle Board.

*

Mr. Albert G. Crichton, production director, has been appointed appointed joint managing director of CLYDE BLOWERS.

*

The GREATER LONDON COUNCIL'S Thamesmead Committee has appointed Mr. David Harris, Conservative member for Bromley as chairman and Mr. John Hammond, Conservative member for Redbridge as vice-chairman. The appointments follow the recent death of Mr. Seton Forbes-Cockell, the previous chairman.

*

Mr. H. C. Cooper has resigned as managing director of LEE COOPER. He will continue as chairman.

Mr. Vincent Brunelli has been appointed managing director. He joins Lee Cooper after 10 years as managing director of Playtex.

Mr. G. Gilbert has been made Group Production Director of Le Cooper.

*

Mr. W. J. Waters, of Bowmaker, and Mr. L. A. Coppel, of Singer and Friedlander, have been elected directors of JOHN D. TYSON AND CO., another subsidiary of C. T. Bowring and Co.

Mr. S. H. de Burgh Galwey, Mr. B. C. F. Granville, Mr. J. H. F. Bayter and Mr. M. A. P. McHaffie have been appointed assistant directors of C. T. Bowring and Muir Beddall (International).

*

Mr. E. S. Barbut, secretary, and Mr. P. McC. Carruthers, operations manager, have been appointed directors of the DISTILLERS COMPANY (DISTRIBUTION).

*

Mr. J. Warner and Mr. G. W. Simper, joint managing directors of specialist contracting division of CHARLES SPRECKLEY INDUSTRIES have resigned from that company to take up the joint managing directorship of H. N. BARNES AND CO., a South London shopfitting company in which both have acquired a financial interest.

Following the resignations, the specialist contracting Board of Charles Spreckley has been reconstituted as follows: Mr. J. N. West, managing director; Mr. P. D. Grant, works director; Mr. E. A. Burton, contracts director; and Mr. R. A. Bridge, associate director.

*

Mr. George Home, an assistant general manager of the ROYAL BANK OF SCOTLAND at present resident in London, is to become a deputy general manager at head office, in Edinburgh, from January 1. Mr. Robert R. King, an assistant general manager, will also become a deputy general manager on the same date.

Mr. William Lyall, an assistant general manager, will succeed Mr. Home as the bank's chief executive in London.

*

Sir Ralph Stevenson, Mr. T. L. R. Holland and Mr. R. Wilkinson have resigned as directors of PALACE AND DERBY CASTLE. Sir Ralph has also vacated the office of president but he and Mr. T. L. R. Holland will continue as directors of the subsidiary, Palace Services (Bahamas).

*

Mr. Harold B. Drewery has been appointed representative in Chicago of the BARCLAYS group of banks and a local director of the foreign branches local head office of Barclays Bank. He was previously manager of Barclays Bank International, Bay Street, Nassau.

*

Mr. Joe Bannen has resigned as a director and executive of SHAW CARPETS.

*

Mr. Clive Derby, has been appointed to the newly created position of chief executive of the BRITISH HOTELS AND RESTAURANTS ASSOCIATION.

*

Mr. R. S. Simpson has been made sales marketing director of BURMAN AND SONS (Duport). Mr. J. A. Rees has been appointed general sales manager of Burman.

*

Mr. Alex Turnbull, director and general manager of the DONALDSON LINE will relinquish his position as general manager from December 1. He will be succeeded by Mr. Norman Morgan, deputy general manager, who is also a director. Mr. Turnbull will remain on the Board.

Mr. Jack Hunter, sales manager, has been promoted to freight manager.

National Film Archive in drive to expand service

BY JOHN CHITTOCK, INDUSTRIAL FILM CORRESPONDENT

THE National Film Archive—a division of the British Film Institute — has launched a drive to make more of the historical films contained in its vaults accessible for study purposes.

As a first step, the Archive has published a 241-page book, Catalogue of Viewing Copies, which lists the 3,000 films which are now available for viewing out of the total collection of nearly 20,000. These embrace both feature films and an extraordinary range of documentary subjects, exemplified by a 1902 film, *Ladies Training for Cycle Races*, a 1949 film about London Airport and a 1960 television film on bankruptcy.

Behind the initiative is a request made by the BFI for extra Government funds of £37,000 a year to be spent exclusively on the provision of more viewing copies.

The Archive, the nation's repository of important film material, has for years grappled with the conflict of preserving film, yet trying to make it accessible. The need for preservation has meant past criticism of the Archive because of the restrictions it has had to place on the availability of unique copies. With one copy of an average black-and-white film costing £250 or more to make, it has taken the NFA a long time to reach the 3,000 copies it now has available for study purposes.

If its request to the Government for more money is granted, it aims to ultimately make the entire Archive available on viewing copies.

Another part of the BFI, the National Film Theatre, is also faced with the need for more money to improve its projection facilities. Although it is the nation's most versatile cinema in terms of programming, catering in this week alone for management audiences viewing EMI's long-range planning film and a totally different screening of American revolutionary cinema, its projection facilities are unable to cope with many modern needs. It has, for example no 8 mm. projection nor stereophonic sound equipment.

Improvements in the Archive and the National Film Theatre are now priority targets for the BFI if the extra sums can be made available.

Increase in August building activity

THE level of building activity in the U.K. during August rose by 4.4 per cent., compared with August, 1970. The level of activity during the first eight months of this year remains improved, compared with the corresponding period last year, with a recorded rise of 6½ per cent. There are clear signs that, after setbacks in recent months, building activity is returning to the high level recorded earlier this year.

These facts are revealed in the latest monthly index figures issued by the National Federation of Builders' and Plumbers' Merchants, representing 95 per cent. of builders' merchants in the U.K. The figures are based on the value of building materials delivered to site by members of the Federation.

Despite the overall improvement in August four regions recorded drops in activity. Scotland was worst hit, with a fall of 2.3 per cent. The South-West and South Wales retained its lead, with an 8.6 per cent. improvement, closely followed by London and the South-East—7.5 per cent.

Pocket guides to U.K. prices of computers

POCKET guides to computer prices in the U.K. have been introduced by Carus AG and Co., newly established computer service brokers, of Maidenhead, Berks.

The publications—one for medium-scale computers, the other for small systems—represent a breakthrough in computer intelligence. CC Sellers, as they are called, should prove valuable to computer salesmen, consultants and users, since manufacturers normally disclose prices only in the context of individual system proposals.

"CC Seller—Medium Scale Computers" compares, at a glance, the prices of 35 computer models (and associated software) offered by IBM, ICL, Honeywell, NCR, Univac and Burroughs. The guide to small computers covers the products of 16 manufacturers and embraces 50 models.

Both publications will be updated quarterly. Applications should be made to Carus AG and Co., 36, The Broadway, Maidenhead, Berks.

Lord Willis wants ITV 2 Commission

A Government commission should decide if a fourth TV channel is needed, playwright Lord Willis said at the week-end.

Independent TV companies wanted a monopoly of advertising which he believed would be dangerous for the Press and disastrous for the public. He described ITA's campaign for a second commercial outlet as "a bare-faced attempt to capture the fourth channel."

Lord Willis (Ted Willis), who is also a TV scriptwriter, speaking at Tamworth, Staffs., accused ITA director-general, Mr. Brian Young, of attempting to present Parliament and the country with a virtual take-over of a fourth channel. The independent TV companies seemed to be demanding a second commercial channel as a right.

Setting up a Government commission would ensure that Parliament would have proper recommendations in front of it and would take the right decisions when the ITA and BBC charters came up for renewal in 1976.

An ITA spokesman commented: "Everybody is entitled to his own opinion about the future of the fourth channel. But in the end what matters will be the Government's decision."

Leningrad Fair 'interest' in U.K. products

THERE WAS tremendous interest in British products at the industrial systems fair in Leningrad, according to the Business Equipment Trade Association.

Mr. John Stevens, the association's man in charge of the British business equipment stand at the fair, said: "The attitude of the official Soviet buying agencies was one of enthusiastic interest. They were obviously not allowing political considerations to affect their business judgment.

"There were so many visitors on the stand that we had to make hasty repairs to the structure on several occasions because of damage caused by overcrowding."

At the fair, which ran from October 6 to 17, Cossor Electronics signed a £106,000 contract and sales by ICL of equipment were worth over £100,000. Roneo sold all their machines on the stand.

LOCAL SURCHARGE RAISES GUYANA FREIGHT RATES

Shipping lines in the "Islands section" of the Association of West India Trans-Atlantic Steam Ship Lines (WITASS) have announced that, as from November 10, they are imposing a surcharge on cargo from the U.K. and Eire and from Continent-Scandinavia to Georgetown, Guyana.

The reason given is that from December 1 the Georgetown Shipping Association will make a local surcharge of three Guyana dollars a ton on all cargoes discharged at Georgetown, effective for about 1½ years, and will also increase the receiving, storage and delivery charges.

A surcharge is being introduced from the U.K. or Eire of 62½p and from Continent-Scandinavia ports of U.S.$1.30 per freight ton on all cargo. Also, the general landing, storage and discharge charges payable on cargo to Georgetown will rise from £3.15 a freight ton to £3.42.

MINING NOTEBOOK

Food for thought from Sir Ronald Prain

BY LODESTAR

"A FUNNY thing happened," began Sir Ronald Prain engagingly, "on the way to the Forum." This leading figure in the copper industry then proceeded to deliver some views to an assembled audience at the London forum organised by the American Metal Market which were not regarded as very funny by the mining share market.

Nor were they meant to be. He considered that in order to keep the world copper surplus within reasonable bounds during the next five years, the producing mines would need to cut back from an historic operating rate of 93 per cent. of capacity to 86 per cent. The latter figure would still be high in relation to other industries, but whether all producing countries would co-operate in such a move seems a rather moot point to me.

Surplus to 1976

At all events, Sir Ronald showed that present copper mine capacity in the free world of 5.7m. tons a year was estimated to grow to 7.3m. tons by 1976. Consumption, on the other hand, was likely to grow only to 6.6m. tons by 1976. Hardly cheering estimates for an already ailing share market.

But Sir Ronald was dealing with the subject from the international angle and the share-market may have made a too gloomy interpretation of what he said—he also mentioned, incidentally, that past forecasts have consistently under-estimated consumption and over-estimated production.

What particularly interested me, however, were the estimates given for production costs in the main producing countries. For last year these worked out at 33.7 cents per pound in the Congo, 33.6 cents in Chile, 29.8 cents in Zambia and only 21.3 cents in Peru.

So although the Zambian mines are relatively high cost producers they still have an advantage over the Chileans and Congolese. Throughout the world copper mining costs can be expected to continue their rise; Sir Ronald pointed out that the average annual increase has been 5¼ per cent. since 1952.

Surplus there will be, but this rising cost factor among the main producers is bound to have some impact on copper prices. The low-cost producers will continue to be reasonably well-placed and it seems illogical to me that some of the share prices that wobbled last week were of companies with holdings in the Rio Tinto-Zinc group's operations.

Even the price of Palabora, surely one of the world's lowest-cost mines, eased a little. And of the other RTZ ventures Bougainville eased. Admittedly its copper grade it low, as is that at Palabora, but Bougainville will also be a low-cost producer when it starts up in the first half of next year and there is also the important gold content of the ore to be taken into account.

Tin shares

Eastern Tin shares may have become a forgotten market these days, but in their quiet way they have been behaving remarkably well which is more than one can say for most other metal producers. The F.T.-Actuaries index for Tins shows a 17.32 per cent. rise on the year and in several cases current share prices are either at or close to their 1971 highs.

As far as the metal price is concerned, however, it is having to be supported at the £1,400 per metric ton level by the International Tin Council's buffer stock manager. This support cannot be expected to go on indefinitely and the price of tin is thus on the vulnerable side even though there is no large production surplus. So, I have been asked, why are share prices keeping up so well?

Without wishing to demonstrate a masterly grasp of the obvious, I found out that although there is not much buying going on there is not much selling either. There are two main reasons for this. Firstly, the main sellers of Tins departed from the scene a long time ago; these days offerings are largely of the routine kind, such as the disposal of deceased estates.

Secondly, many Tin shareholders are more interested in income than capital appreciation and despite the lower metal price the companies are continuing to make quite reasonable distributions. Dividend yields based on the original purchase prices of a year or so ago are often substantial and, indeed, are not unattractive when based on current prices.

Berjuntai

Berjuntai is a case in point, giving a return of 13.2 per cent. on the increased dividend of $Ma2 (27.2p) paid for the year to April 30 last. Although the company is now having to live with lower tin prices, it has the advantage of rising production.

Thanks to the big new No. 7 dredge, which started commercial production in February, tin concentrate output has expanded to 2,122 metric tons in the past five months compared with 1,750 tons in the same period of 1970. So holders who acquired the shares last year at, say, 150p are not particularly keen to part with them now.

Even so, tin like other metals may still have some uneasy times ahead until the hoped for pick-up in the U.S. economy. Although Tin shareholders seem prepared to sit it out, I feel that potential buyers might as well wait on the sidelines for a while yet.

INSURANCE

Special fidelity bonds urged

BY OUR INSURANCE CORRESPONDENT

LAST WEEK, Apex Charitable Trust, a Home Office supported employment agency published a short report entitled Fidelity Bonds for Ex-Offenders which draws some alarming conclusions from crime and employment statistics and then proposes a special fidelity bonding scheme to enable the white collar ex-offender to obtain employment commensurate with his ability.

Apex's conclusions from the available statistics are open to argument. One is that there is now a one-in-three chance of each man during his lifetime (but not each woman) being convicted of an indictable or more serious non-indictable offence. A second conclusion which partly flows from the first is that there may be already close on to 340,000 white collar workers who have been so convicted.

Further reason

Be this at is may, Apex contends that these people may be debarred from suitable employment. This is partly because employers are reluctant to take on convicted persons; but there is also a further reason. Insurers are said to be making life difficult for such people by the underwriting terms they impose when providing employers with fidelity bonds, whether these be on a named individual basis or an unnamed, floating or collective basis. Apex goes so far as to say "an ex-prisoner or other offender cannot be bonded."

How far is this true? When asked to guarantee a named person insurers normally inquire as to his previous record of honesty without time limit; but it by no means follows that if they have an adverse report they will refuse cover. Individual underwriters, of course, have different views on this subject but much can depend on the circumstances giving rise to the offence that has been committed, its very nature, the time that has elapsed since its commission, the post for which the man is to be employed and the amount of the guarantee required.

When providing unnamed floating or collective guarantees insurers do not normally make specific inquiry about particular individuals. However, they impose a duty on the employer to ask the appropriate questions of his prospective employees and write in their policies a clause excluding from the cover any person who to the knowledge of the employer has been convicted. But this does not preclude the employer from asking for cover to be granted for a particular person. Insurers are then back to the assessment of the factors detailed above.

With both kinds of cover, though the odds are against a bond being granted, there is no certainty that this will be so. Nevertheless, it is true to say that the way of the transgressor is hard. Apex, therefore, suggests that some special bonding scheme should be set up to provide bonds, outside the normal run of commercial fidelity guarantee insurance, for named individuals undertaking particular jobs, for low specified sums of money.

Though Apex does not point to it, there is perhaps already an insurance analogy, in the life market. Years ago no life company would assure anyone who had suffered a coronary thrombosis; but times have changed and with the help of reinsurers a coronary pool has been set up whereby such lives can obtain some cover. Perhaps the same sort of view could be taken of the ex-offender?

Social problem

Could but I doubt would. For surely the rehabilitation of such people is a social problem and surely the cost should fall upon the State, not just the individual employer in the premium he pays or the individual employer in the premium he pays or the individual insurer or group of companies in the risks that are underwritten?

The writing of insurance in this country both by companies and at Lloyds is a commercial enterprise, mostly undertaken for private profit but sometimes for mutual protection. So it is wrong for anyone however well intentioned to look to insurers to alleviate a problem which, if Apex's figures are correct, concerns the whole community.

Boeing may join Japan's airliner project

TOKYO, Oct. 23.

THE BOEING company of the U.S. has been selected as a prime partner for negotiations for Japan's joint development plan on her first jet passenger airliner, code named the XY, Government officials said.

The selection was made by a special committee of the Aircraft Industry Council, and advisory body to the International Trade and Industry Ministry, they said.

Two others

The committee singled out Boeing from three U.S. aircraft makers, recommended by the council, for a possible partner for the joint development project. The two other companies were McDonnell-Douglas and Lockheed.

Under the joint plan, the semi-governmental Nihon Aeroplane Manufacturing Company (Namco) plans to develop Japan's first medium-range jet airliner.

The projected airliner will probably be a wide-body, twin-engined transport with 200 to 250 seats to compete wtih the European air-bus project.

But the project is not final yet. Government officials said if negotiations with Boeing failed the Japanese side would consult either McDonnell-Douglas or Lockheed. Reuter

Rolls-Royce closing £1.5m. office block

THE £1.5m. office block opened by Rolls-Royce two years ago at Hucknall, Notts., for general and design staff is to be closed in about five weeks' time. About 500 staff are involved.

Engineering and design staff totalling 275 will be moved, and others using the block will be redeployed. A Rolls-Royce spokesman said it was not expected there would be any redundancies. The changes, he said, were part of a drive to cut costs and improve efficiency in the engine divisions.

The designers are principally engaged on installation and noise research for the RB-211 engine of the Lockheed TriStar.

Caution over rise in Gulf tanker charter rates

BY JAMES McDONALD, SHIPPING CORRESPONDENT

THERE was a further improvement in tanker charter rates from the Persian Gulf last week although some brokers remained cautious about the strength of the recovery.

One feature, apart from the rise in single voyage rates from the Persian Gulf, was the increased activity by London major oil companies in fixing medium-size ships for five years' charter. British Petroleum arranged eight tankers in the 50,000 to 80,000-tons range for 1974-75 delivery at the equivalent of about Worldscale 80. Shell also was active in the same market.

In the single voyage sector rates from the Persian Gulf to the U.K. or Continent rose last week by about 25 points to Worldscale 65, while from Nigeria to the U.K. or Continent the rate improved by 10 points to Worldscale 80. Caribbeans to U.K. or Continent rates were mainly unchanged at about Worldscale 67.5 but the Caribbeans to USAC level dropped by 12.5 points to Worldscale 72.5, according to Lambert Brothers' weekly report.

John I. Jacobs, in its report, says that more sustained inquiry in the Persian Gulf, together with a firmer attitude adopted both by owners and oil companies with relet tonnage, has forced rates upward. "In fact, the pendulum appears to have swung to the extent that some oil companies who, very recently, were forced to sublet at low levels, are now chartering in."

The Jacobs report notes a slight decrease in the amount of tanker tonnage engaged in the grain trade at October 15. At that date there were 18 tankers carrying grain, or fixed ahead, aggregating 520,076 deadweight tons, compared with 20 ships of 541,054 tons at the end of September. Of this total, 11 ships of 406,000 tons were under the U.S. flag.

London tea sales

At the tea sales held in London last week 55,842 packages sold realised an average price of 42.80p per kilo against 42.45p at the previous sale and 43.93p a year ago. Plain tea was quoted at 36.00p.

	No. of kilos	Average per kilo
African Highland Prod.	3,782	39½p
Amalgamated Tea	15,808	41½p
Assam Consold.	42,161	44p
Assam Dooars	28,617	38½p
Attaree Khat	23,543	40p
Blantyre	15,068	38½p
Bogawantalawa	32,833	44p
Borelli	9,860	48p
Buret	10,985	43p
Ceylon Tea Plants.	192,385	42p
Chubwa	16,876	42½p
Chulsa	10,969	37p
Consold. Tea and Lands	48,297	41p
Dekhari	52,658	44p
Demodara	25,891	43½p
Eastern Assam	48,271	44p
Empire of India	38,637	40p
Imperial	24,307	45p
Jhanzie	16,283	41½p
Jokai	165,335	42½p
Kanan Devan	5,678	43½p
Kenya	88,859	42½p
Lanka	71,388	44½p
Lunuva	17,195	39½
Mahali	8,811	48½p
Makum	7,573	43½p
Namdang	31,655	45½p
Nuwara Eliya	13,799	42p
Ouvah	31,678	45½p
Pabbojan	79,888	45p
Standard	49,617	45½p
Upper Assam	28,121	43½p

Stock [illegible] October 28 amounted to 71,483 metric [illegible] compared with 68,057 metric tons a year ago. Converted at 49,365 kilos per package.

RECENT ISSUES

EQUITIES

Issue Price p***	Amount Paid Up	Latest Renunc. Date	1971 High	1971 Low	Stock	Closing Price p***	+ or −	Div. & or Amount	Times Covered	Gross Yield	P/E Ratio
[illegible]	F.P.	—	335	312	Anglo-Am.Ind.Cp.(R1)	330	......	t68½	†1.5	5.6	12.8
[illegible]	F.P.	—	310	300	Do. Do. Dfd.(R1)	305	......	t32½	†1.5	6.0	11.6
[illegible]	F.P.	—	220	145	Carron Co. (Hldgs)	170	+5	b20	2.3	2.9	14.9
[illegible]	F.P.	19/11	58	54	Continuous Stat'y. 10p	58	......	b27½	1.9	4.7	11.0
[illegible]	F.P.	10/12	88	86	Crouch (Derek) (20p)	86	−1	b30	1.8	4.6	12.1
[illegible]	F.P.	24/11	132	126	Davies & Newman	127	......	b50	1.6	5.9	10.3
[illegible]	F.P.	3/11	13½	12	EmpressServ.(H'gs)10p	12½	......	bd10	1.2	8.0	10.7
[illegible]	F.P.	12/11	45	42	Francis Parker 10p	43	−½	bd30	1.5	4.6	14.7
[illegible]	F.P.	29/10	99	85	Grand Met. Warrants	85	−1	—	—	—	—
[illegible]	—	28/10	90	86	McKaySecs.CapShares	88	......	—	—	—	—
[illegible]	—	28/1	36	27	Sime Darby Warrants	32	......	—	—	—	—
[illegible]	F.P.	26/11	161	130	Slater W.Secs.W'rr'nts	132	+2	—	—	—	—
[illegible]	F.P.	29/10	105	101	Slater W.Inv.Tst.(50p)	101½	+½	b4	—	2.0	—
[illegible]	F.P.	2/11	80	80	Tigon Group	79	......	bd35	2.0	4.4	11.7
[illegible]	—	5/11	56	38	Tr'falg'r Hse B'W'rr'ts	49½	−2½	—	—	—	—
[illegible]	F.P.	—	93	77	Unitech 10p	80	+2	x10	4.0	1.2	20.0
[illegible]	F.P.	—	27	24	Yule Catto (10p)	25½	−1	y12½	1.3	4.9	16.1

FIXED INTEREST STOCKS

Issue Price	Amount Paid Up	Latest Renunc. Date	1971 High	1971 Low	Stock	Closing Price	+ or −
[illegible]	F.P.	—	123	106	Adepton new 8½% Conv. Uns. Ln. 80/85	109	+5
[illegible]	£10	20/1	14½	10⅛	Agr. Mort. 9% Deb. 1979-82	13½	−¼
[illegible]	£25	29/2	27½	25¾	Allnatt London Props. 9½% Deb. Stk 96-2001	26¼	......
[illegible]	£10	26/1	12½	10½	Birm. (City of) 8% Red. Stk. '79-81	10½	−⅜
[illegible]	£10	nil	12⅝	10⅛	Bristol Corp. 7¾% Red. Stk. '79-81	10½	−⅜
[illegible]	F.P.	17/9	117	96	Butterley 10% Part. Conv. 1976	117	......
[illegible]	£10	21/1	2[1/16]	1	Cardiff Corp. 7¼% Red. Stk. 1977	11¾	−⅛
[illegible]	F.P.	22/10	129	108	Cavenham 10% Partly Conv. '91-6	121	−2
[illegible]	F.P.	22/10	105¼	101½	Do. 11% Uns. Ln. 1976	104½	−¾
[illegible]	F.P.	29/10	130	115	Concentric 10⅝% Conv. 1996	129	......
[illegible]	£80	—	80½	80½	Comley & Pitt 8½% 1st. Mort. Deb. '90-5	80½	......
[illegible]	£65	14/1	79	67	Distillers 10½% Uns. Ln. '93-8	78	−½
[illegible]	F.P.	—	80½	76⅜	Dobson Pk. 8½% Deb. '87-92	80	+1
[illegible]	F.P.	4/11	110	104½	Dowty 7% Conv. Uns. '86-91	105	......
[illegible]	F.P.	14/10	115	104	Drakes 10% Part. Con. Uns. 1976	113	......
[illegible]	£25	12/11	36	35	Eastbourne 10% Red. Pref. 1976	35	......
[illegible]	£25	12/11	32	29⅜	Essex Water 10% Deb. 1992-4	31½	......
[illegible]	F.P.	29/9	107¼	100¾	Flag Inv. 10½% Deb. Stk. '91-6	106¾	......
[illegible]	£70	7/4	71½	70¼	Fodens 9½% Deb Stk 97-2002	70¼	−½
[illegible]	F.P.	—	116	105	Gillett Bros. 10% Sub. Uns. '91-6	115	......
[illegible]	F.P.	29/10	105¼	100¾	Grand Met 9½% Uns. '77/79	105¼	+½
[illegible]	£50	29/10	56	54¾	Do. Do. 8¾% Cum Pref	56	......
[illegible]	£10	—	10	9½	G.L.C. 7¾% 1981	9½	......

Issue Price	Amount Paid Up	Latest Renunc. Date	1971 High	1971 Low	Stock	Closing Price	+ or −
£100	£25	14/1	35¾	28½	Guinness (A.) 10% Uns. 1993-98	35	−¼
—	F.P.	3/12	110	104	Heenan Beddow 10% Prtly Conv. Uns. Ln. 1977	105	+1
£100	F.P.	3/12	99	99	Hemdale 9½% Conv. Uns. Ln. 91/96	99	......
£100	F.P	—	104¾	100	Int. Bank 8% 1976	104¾	......
::	F.P.	—	114	113½	Land Sec. 5% Conv. 1985	113½	......
£100	F.P.	1/12	110	100	Lewis & Peat 8% Conv. Sub. Uns. '79-81	107½	−2
£98	£25	24/3	29½	25¼	Lewis (J.) Prop. 9½% Mort. Deb. '92-7	28½	−¼
£100	F.P.	10/12	111½	103½	Lon. & Mid. 9¼% Conv. Uns. 1988-91	109	−1
a£99½	£25	5/4	29¼	27¼	Morg. Cruc. 9¼% Deb. '95-2000	28½	......
**	£10	10/12	22½	21⅛	Newcastle & Gates. 10% Red. Pref. '76	22½	......
£99	£30	15/12	32¾	30⅛	Nottingham 8½ Red. Stk. '79-80	32	......
♥£100	£50	25/10	72	59	Prop.Inv. & Fin. 6% Conv. '91-96	61½	+1
£100	F.P.	28/1	98	96	Sime Darby 10% Uns. Ln. 1978	96	......
£100	F.P.	27/10	106½	101	Simonside Inv. 4½% Conv. Uns. 1976	102	−½
£100	F.P.	29/10	114¼	105½	Slater W. Inv. 8½% Part Conv. 1981	112½	−1¼
♥£100	nil	1/11	7½	6	Smith Enterprises 9½% Conv. '85-90	6pm	......
£100	F.P.	10/12	116	113	Tower Assets 10% Prty Conv. 1976	113	......
††	F.P.	14/10	[illegible]	125	Tozer Kemsley 8% Conv. 1981	129	......
£100	F.P.	5/11	108¾	101½	Trafalgar Hse. 10½% Uns. Ln. 2001-6	107½	−¼
£100a	£25	—	27	26¾	Woking & District Water 3½% Deb. '94/96	27	......
£100	£50	31/12	55½	52¼	Yorks Chems. 10% Deb. 1991-6	54½	......
£100	F.P.	29/10	108½	108½	York Water 10% Red. Pref. 1975	108½	......

"RIGHTS" OFFERS

Issue Price p***	Amount Paid Up	Latest Renunc. Date	Stock	Closing Price p***	+ or −
92½	nil	—	Adepton	3pm	+1
60	F.P.	3/12	Anglo-Welsh	60	......
30	F.P.	4/11	Do. Warrants	30	......
13	nil	5/11	Bonnebord	2½pm	......
514	nil	4/11	Brit. Petroleum	98pm	......
155	nil	10/11	Cable Trust	1¾pm	......
100	F.P.	11/11	Chubb & Sons	111	......
‡	nil	13/10	Cosalt Warrants	17pm	......
12	nil	5/11	Dowgate & Gen.	1½pm	−¼
18	nil	5/11	East Rand Cons.	nil	......
‡	nil	5/11	Group Investors Dfd.	¼pm	......
64	nil	3/11	Kingside Inv.	3½pm	......
15	Nil	27/10	Malakoff Rubber	1½pm	......
47	F.P.	29/10	Oil & Assoc.	49	......
356	nil	5/11	Vaal Reefs	61½pm	−3½

Renunciation date usually last day for dealing free of stamp duty. *a* Placing price to public. *b* Figures based on prospectus estimate. *d* Dividend rate paid or payable on part of capital; cover based on dividend on full capital. *k* Figures based on prospectus or other official estimate for 1969-70. p*** Pence unless otherwise indicated. ** Issued by tender. ‡ Offered to holders of Ordinary shares as a "rights." ♥ Issued by way of rights. † Rights by way of capitalisation. †† Tender allotment price. ◆ Reintroduced. ‡‡ Issued in connection with reorganisation, merger or take-over. ✲ Provincial quotation. ♣ Introduction. ♠ Issued to former Preference holders. * Dealt in under Special Rule. $ Price at time of suspension.

INTERNATIONAL COMPANY NEWS + EURO MARKETS

EUROBONDS

Flood of new issues hits market

BY WILLIAM LOW

NO LESS THAN four straight-debt and one convertible Eurodollar bond loans, totalling $92m., were announced during the past week. This total is unlikely to be repeated this week, but it is possible that another two straights, including one by a double A-rated borrower, could emerge from the pipeline.

It is, perhaps, significant that only one of the five issues—and a convertible at that—is on behalf of an American borrower. One explanation for the relative absence of U.S. companies is expectations that the Nixon Administration may relax the controls imposed by the Office of Foreign Direct Investment (OFDI) affecting the transfer of capital overseas.

The four straight issues are all expected to carry a coupon of 8¾ per cent., despite the considerable differences between the borrowers—the City of Helsinki, Rank Organisation, Metropolitan Estate and Property Corp., and Mount Isa. Of the four, the City of Helsinki is likely to attract the least response from Eurobond investors, many of whom are reluctant to buy Finnish paper because of the country's links with the Soviet Union. However, the fact that the offering was the first to be announced, combined with realistic pricing by the managers should ensure its success.

Mount Isa, despite its strong financial position (long-term debt, for example, is less than $2m.), is not a well-known name in Europe and the managers may have to recognise this fact when final terms are fixed around November 8. The two British borrowers—Rank and MEPC—both enjoy good credit ratings, but MEPC has the edge in terms of security, especially since the Rank bonds will be an unsecured obligation of the company.

Convertible

Ramada Capital Corporation NV, which is offering $12m. of convertible guaranteed subordinated debentures, due 1986, is the finance subsidiary of Ramada Inns Incorporated. This company, which was started in 1954, now operates 87 hotels on its own account and has licensed 256 independent operators to trade in its name. The group's principal activities are concentrated in the U.S., but the proceeds of the Eurobond issue will be used to develop a chain of hotels on the Continent of Europe.

Ramada's net income has risen to $7.9m. last year from $2.8m. in 1966, while net profit for the six months to June 30 last totalled $4.2m., against $3.7m. in the same 1970 period. The relative smallness of the company, allied to its lack of exposure internationally, may force the managers to adjust the indicated terms of a coupon of 6½ per cent. and conversion premium of between 10 and 12 per cent.

During the past fortnight, the Eurobond market has been forced to witness what can only be described as squabbling between the two clearing systems—CEDEL and Euro-clear. The dispute has been fought around the terms of the so-called "working agreement" reached between the two groups.

Because of the complexity of the disagreement and the important issues involved, I intend to write about the matter in much greater detail later this week.

IN BRIEF

● STE. F. BEGHIN, French sugar refiner, said provisional pre-tax profit for first six months of this year dropped slightly to Frs.53.8m. from Frs.55.7m. in same 1970 period.

● INGERSOLL-RAND plans to establish plant in Europe for manufacture of heavy capital goods. Construction of such plant could incur capital expenditure of around £8m. It is, however, possible existing plant could be purchased and modified for rather less expense. Exact location of proposed new plant will depend upon current survey of facilities in U.K. and Europe, proposed markets, stability of labour, and availability of engineering materials.

● CARONI, sugar estate and factory bought last year by Trinidad and Tobago Government from Tate and Lyle, lost £763,900 this year. No dividends will therefore be paid this year to company's shareholders—Trinidad and Tobago Government, which owns 51 per cent., Tate and Lyle Investments, which owns 32.5 per cent., and private shareholders in England and Trinidad and Tobago.

● BURROUGHS net earnings rose to $12.6m. (equal to 69 cents a share) in third quarter from $11.5m. (67 cents) in same 1970 period, although revenues dipped to $215m. from $217m. This brought net profit in first nine months this year to $40.5m. ($2.21), compared with $36.8m. ($2.14) on revenues of $649m. ($619m.).

● RHEINISCH-WESTFAELISCHE ELEKTRIZITAETSWERKE (RWE) said its DM300m. bond issue will be floated October 22 at 9.75 per cent. The 15-year issue is to be redeemed in 10 yearly instalments after five years grace and has a 7.75 per cent. annual coupon, said Deutsche Bank the head manager. Co-manager of the issue is Dresdner Bank.

● NORTH BROKEN HILL net operating revenue was sharply lower, at $A1.32m., in first three months, against $A2.87m. in comparable period. Figures do not allow for royalty tax or any other provisions. Sales were $A5.1m., against $A6.33m. Sales of silver and zinc were sharply lower, although lead sales were higher. Lead and silver prices were lower.

● DEUTSCHE LUFTHANSA said revenue from passenger, freight and mail should more than double in the period 1970-76. It says passenger revenue grew 230 per cent. between 1962 and 1970, and freight 240 per cent. in same period. Investment in 1971-75 should total around DM2,600m., after DM1,500m. 1965-70.

● FUJI PHOTO FILM COMPANY will boost the capital of its two wholly-owned subsidiaries in the U.S. and West Germany to strengthen sales networks. Capital of Fuji Photo Film of New York will be increased next month to $¾m. from $400,000, while that of Fuji Photo Film (Europe) to DM950,000 from DM½m.

● MIM HOLDINGS said group net profit fell to $A37.9m. in year ended June 30 from $A55.4m. in previous 12 months. It cited lower metal prices and higher production costs for the profit decline.

MADRID STOCK EXCHANGE PRICES

Percentage of par value (Ptas.500)

Name of stock	Week's High	Week's Low	Close Oct. 22	Change on week	Div. %	Net yield %
Altos Hornos de Vizcaya	95.75	94	95.75	+1.50	5.00	5.32
Banco Central	977	973	977	+ 4	11.97	1.22
Banco de Bilbao	875	872	872	− 6	13.83	1.58
Banco de Vizcaya	797	794	797	+ 3	14.22	1.79
Banco Espanol Credito*	730	728	728	− 2	11.33	1.55
Banco Exterior Espana	372	372	372	− 2	9.95	2.67
Banco Hispano Americano	773	766	773	+ 4	12.01	1.55
Auxiliar Ferocariles	113.5	113	113.25	−2.25	7.00	6.13
Cia Ind. Agricolas	282	272	282	+11	8.50	3.01
Cia Esp. Petroleos	370	362.5	370	+5.75	10.20	2.75
Cia Insular Nitrogeno†	122	122	122	−0.50	6.80	5.57
Cia Sevillana Electricidad	232.50	231	232.5	+4.5	9.50	4.08
Cia Telefonica N. Esp.	275	270	275	+8.50	8.07	2.93
Dragados y Construcciones	576	560	560	−23	8.50	1.51
Ebro Cia Azu. Alcoholes	665	660	661	− 9	13.60	2.05
Espanola del Zinc	118	117	117	− 2	5.10	4.35
Fuerzas Elec. Cataluna†	233	224.5	233	+ 6	10.00	4.29
Galerias Preciados	314	314	314	—	11.47	3.65
Hidroelectrica Espanola	238	234.75	238	+3.25	10.00	4.20
Iberduero	287.5	282	287.5	+8.5	10.00	3.47
Union y Fenix Espanol	652	648	648	− 2	12.00	1.85
Min Sid Ponferrada‡	—	—	162	—	6.66	4.11
SA Cros	179	173	179	+ 6	5.10	2.84
SA El Aguila	286	282	285	− 1	9.35	3.28
SE Auto. Turismo Seat†	430	430	430	+ 1	15.00	3.48
Astilleros Espanoles†	72	71	71	—	4.25	5.98
S. Met Duro Felguera	69	67	67	− 1	5.00	7.46
Sniace	148	146	148	+0.50	8.00	5.40
Union Expl. Rio Tinto	248	243	245	− 8	10.20	4.16
Simago†	—	—	300	—	—	—
Banco de Santander	838	832	833	− 9	10.78	1.29

Par values: Ptas.500 except * Ptas.250, ‡ Ptas.150, † Ptas.1,000.
Source: Banco Central Madrid.

Indices

NEW YORK

DOW JONES AVERAGES

Close	Home Bonds	Transport ‡	Indus. *	Util. Φ	Trading volume† 000's
Oct. 22	72.01	252.64	852.37	113.78	14,580
21	71.87	253.36	854.85	114.07	14,990
20	71.93	252.54	855.65	114.04	16,540
19	71.82	254.62	868.45	114.66	13,040
18	71.72	256.68	872.44	114.78	10,420
15	71.75	257.54	874.85	115.56	13,120
14	71.76	259.54	876.36	115.96	12,670
13	71.70	242.64	888.80	116.40	13,540
12	71.59	244.21	893.56	116.09	14,340
11	71.52	241.86	891.84	116.19	7,800
1971 High	71.88 (6/4)	248.55 (7/9)	950.82 (28/4)	128.39 (19/1)	—
Low	68.52 (4/1)	169.70 (4/1)	830.57 (4/1)	109.19 (27/9)	—

* All-time high 995.15 (9/2/66)
‡ All-time high 279.88 (7/2/69)
Φ All-time high 163.32 (20/4/65)
† Excluding bonds.

IND. DIVIDEND YIELD p.c.

Oct. 18	Oct. 15	Oct. 11 1970
3.61	3.53	4.20

N.Y. SE ALL COMMON INDEX

Dec. 31, 1965=50.

1971 High	1971 Low	Fri.	Thurs.	Wed.	Tues.	Mon.
57.76 (28/4)	49.75 (4/1)	52.82	52.85	52.85	55.57	55.79

RISES AND FALLS

Issues traded	Up	Down	Unchanged
1,687	663	686	318

1970/71	Fri.	Thurs.	Wed.	Tues.	Mon.
New Highs	9	8	9	15	22
.. Lows	57	112	102	71	58

AMERICAN SE ALL STOCKS AVERAGE

1971 High	1971 Low	Fri.	Thurs.	Wed.	Tues.	Mon.
26.69 (28/4)	22.72 (4/1)	24.95	24.85	24.92	25.18	25.28
Volume (000's)		3,030	3,410	4,230	4,160	2,680

STANDARD AND POORS U.S. STOCK INDICES

	*Industrials	†Composite
Oct. 22	105.21	95.51
" 21	105.31	95.60
" 20	105.35	95.65
" 19	106.93	97.00
" 18	107.29	97.35
" 15	107.77	97.79
" 14	108.14	98.13
1971 High	115.84 (25/4)	104.77 (25/4)
1971 Low	99.73 (4/1)	81.50 (4/1)

* 425 Utilities. † 425 Industrials. 50 Utilities and 25 Rails. (1941=10.)

STOCK AND BOND YIELDS

	Oct. 20	Oct. 14	Oct. 21 1970
Industrial div. yield pc	2.99	2.88	3.58
Price-earning ratio	17.12	17.76	15.79
Long-term Govt. Bds. yield pc	5.73	5.68	6.78

MOST ACTIVE STOCKS

	Shares traded	Closing price	Change on day
Braniff Airways	348,100	15⅛	+⅛
Amer. Standard	315,300	15⅝	−5⅛
Texaco	236,800	31½	+½
Kidde (Walter)	221,500	27⅞	−1⅛
Northwest Air.	194,000	32⅛	−⅛
Eastern Airline	167,500	19	−⅛
Sony	160,800	15⅝	−⅛
Amerada Hess	146,000	43⅞	−⅛
Pan Amer. Air.	130,600	11⅛	+⅛
Lone Star Indus.	130,200	21⅛	−⅛

TORONTO

INDUSTRIAL INDEX

Oct. 22	Oct. 21	1971 High	1971 Low
162.22	161.89	188.74 (2/1)	161.40 (14/10)

MONTREAL

INDUSTRIAL INDEX

Oct. 22	Oct. 21	1971 High	1971 Low
167.63	167.96	188.89 (20/4)	167.63 (22/10)

COMBINED INDEX

Oct. 22	Oct. 21	1971 High	1971 Low
167.46	167.39	181.05 (20/4)	167.30 (31/10)

JOHANNESBURG

	Oct. 22	Oct. 21	High	Low
Industrials	165.2	166.5	212.4 (9/4)	165.2 (22/10)
Golds	64.6	65.0	89.3 (19/4)	64.6 (22/10)

(1958=100). Source: Rand Daily Mail.

AUSTRALIA

MELBOURNE YIELD INDICES

Av'ge yield on 50 Leading Stocks	Oct. 21	Oct. 15	Oct. 14
On Dividends	5.59	5.67	5.67
On Earnings	9.50	9.65	9.65

SYDNEY ALL ORD. INDEX

Oct. 22	Oct. 21	High 1971	Low 1971
432.88	437.65	518.51 (4/1)	428.48 (8/10)

TOKYO

NEW SE INDEX

Base=100 January 4, 1968.

Oct. 23	+ or −	Div. %	Yield %
172.44	−0.17	11.90	4.70

1971 High 208.19 (13/8) Low 148.83 (5/1)

EUROPE

	Oct. 22	Previous	1971 High	1971 Low
Belg'm (m)	95.66	94.49	106.74 (30/7)	92.14 (4/1)
France (bb)	67.1	67.9	79.2 (28/7)	65.8 (12/10)
Germany*	92.96	93.72	112.71 (23/2)	92.96 (22/10)
Holland (o)	99.6	100.3	128.0 (6/4)	99.6 (22/10)
Italy†	46.97	47.22	60.09 (6/3)	45.29 (28/9)
Sweden (p)	282.69	279.14	282.71 (23/6)	245.71 (6/1)
Switz'rl'd **	366.3	369.3	412.9 (10/9)	353.6 (4/1)

* Herstatt Index. ‡ Base amended to January 2, 1962, from December, 1958. ** Swiss Bank Corporation Index base 100 December, 1958. (b) Basis 100 December 29, 1967. (c) Closed. (m) Base date amended from 1953 to 1963. (o) Adjusted now quoted on basis 1963=100 and no longer 1953=100. (p) Base date December 29, 1956. (bb) New index introduced by Paris Bourse Committee basis 1961=100.

CANADIAN WEEKLY LIST

AUSTRALIAN WEEKLY LIST

TEL AVIV STOCK EXCHANGE

Source: Bank Leumi le-Israel, Tel Aviv.

SINGAPORE

HONG KONG

JOHANNESBURG

OVERSEAS SHARE INFORMATION

Investment $ Premium (based on $2.40 per £1) 19⅛% (19½%)

NEW YORK

RAILROADS

INDUSTRIALS, ETC.

PUBLIC UTILITIES

TRUSTS, BANKS & BONDS

TORONTO

MONTREAL

GERMANY ♦

PARIS

AMSTERDAM

BRUSSELS

SWITZERLAND ♦

OSLO ♦

VIENNA

MILAN

TOKYO

STOCKHOLM

COPENHAGEN

AUTHORISED UNIT TRUSTS (p***)

OFFSHORE AND OVERSEAS FUNDS (p***)

INSURANCE, PROPERTY, BONDS

Prudential Pensions Limited
Holborn Bars, EC1N 2NH. 01-405 9222

Equity Fd. Oct. 20	£13.86	14.08	......	—
FixedInter Oct. 20	£10.81	11.14	......	—
Propty. Fd. Oct. 20	£10.06	10.37	......	—

Reliance Mutual
Tunbridge Wells Kent. 0892 22271

●RelianceProp.Bds	108.4	......	—

expenses if bought through managers. † Excluding securities profits payment. ‡ Previous day's price. ¤ Offered price includes all expenses except agent's commission. § Single premium insurance bonds. ◆ Share split. ♥ Net of tax on capital gains. ● Not authorised by the Board of Trade. ‖ Guernsey yield. ф Not available: exchange rate difficulties.

Money & Exchanges

Bank Rate 5% (Sept. 2, 1971)

Conditions were fairly tight in the Discount market during the early part of last week, becoming easy on Wednesday and Thursday and more difficult again on Friday. An excess of revenue payments over Government disbursements worked against the market for much of the week, as did run down balances at the banks on Monday, Wednesday and Friday. The gilt edged settlement and Treasury bill take-up drew some money from the market on Tuesday. Note circulation was an adverse factor on Friday, but was in the markets favour Wednesday. Above target balances and Treasury bill maturities gave assistance on Thursday.

The authorities gave a very large amount of help on Monday, and very small assistance Tuesday. There was no intervention on Wednesday and Thursday, but large help was given Friday. The assistance was given by the purchase of Treasury bills, and a few corporation bills were bought on Monday and Friday.

A rate of 4¾ per cent. or 4½ per cent. was paid for secured day-to-day loans for the greater part of the week, with 5 per cent. touched in places on most days. Thursday saw rates as low as 3½ per cent. by the close. In the inter-bank market overnight loans opened at around 5½ per cent. on most days, and reached 6 per cent. at times on Monday and Friday. Fixed period rates tended to harden.

At the Treasury bill tender the average rate of discount fell 0.0980 per cent. to 4.5723 per cent. The minimum accepted tender of £98.85½ secured quotas of 88 per cent.

The dollar was under pressure in the foreign exchange market last week, and in some cases was around its low point since floating began. Sterling remained quiet but firm in the early part of the week, but improved strongly during the latter half, and touched new highs on the last three days. On Wednesday a cut in the prime rate by several U.S. banks pushed the pound up to $2.4913¼, and on Thursday it improved to $2.4923½ after an unchanged U.K. Bank Rate. Strong demand for sterling on the Continent and in the U.S. took the rate to $2.4939½ at one point on Friday, before closing at $2.4926. Dutch guilders touched a new peak on Wednesday of Fl.3.35½, and French commercial francs hardened at the end of the week. The 3-month and 6-month pound eased to 0.25½ cents premium, and the 12-month to 40½ cents discount.

Gold fell 10 cents on balance in London to $42.40-42.60. Business was moderate during the week, and the closing quotation was unchanged at $42.50-42.70 for the first three days. On Thursday and Friday the metal lost 5 cents on each day.

EURO-CURRENCY INTEREST RATES ◇

Oct. 22	Sterling	U.S. dollar	Canadian dollar	Dutch guilder	W. German mark	Swiss franc
Short term	4¾-5	4¾-5¼	4⅝-4⅞	5½-6	7-8	½-1
7 days' notice	-	5-5½	5-5¼	5½-6	7-8	½-1
Month	5 5/16-5 7/16	5½-6	5½-5¾	5⅝-5⅞	5½-5¾	⅝-⅞
Three months	5½-6	6⅛-6⅜	5 9/16-5 11/16	5 9/16-5 11/16	5⅝-5⅞	1⅝-1⅞
Six months	6 1/16-6 5/16	6¼-6½	6 1/16-6 5/16	5 7/16-5 11/16	5⅜-5⅝	2½-2¾
One year	6½-7	6½-7	6 9/16-6 13/16	5 11/16-5 15/16	5½-5¾	3 1/16-3 5/16

Long-term Eurodollar deposit rates were quoted nominally as follows: two-years 7 per cent., three-years 7½-7¾ per cent., four-years 7½-7¾ per cent., and five-years per cent.

The following nominal rates were quoted for London dollar certificates of deposit: one month 5¼-5½ per cent., three-months 6¼-6½ per cent., six-months 6½-6¾ per cent., one year 6¾-6⅞ per cent.

Rates are in some cases nominal.

Short-term rates are call for Sterling, U.S. dollars and Canadian dollars; and two days notice for Guilders, Marks and Swiss francs.

EXCHANGE CROSS-RATES

	Frankfurt	New York	Paris (c)	Brussels	London	Amsterdam	Zurich
	—	3.3318-30	50.27-35	7 123-135	8.307-310	98.32-40	83 65-73
	30.0-01	—	18.1125-75	2.1395-1413	2.4925-4927	29.825-830	25.125-130
	165.65-80	5.5175-5240	—	11.80-835	13.77-78	164.40-.55	138.65-73
	14.2-.4	46.73-75	8.46¼-47	—	116.50-55	13.93-½	11.74-¾
							9.91¼-92¼
							84.33-38
							—

(c) Commercial

FOREIGN EXCHANGES

U.S.—			Neth'l'n's	8.25-8.50	
Canada			Spain	170-173	
$C1=U.S.			Switz'land	9.80 10	
cents	99.91-99.94		U.S.	2.49-2.50¼	

‖ Rates quoted by specialist dealers. Other rates may be quoted elsewhere.
◆ Commercial account. Financial rate not available.

FORWARD RATES

—	One month	Three months
New York	1/16-3/16 c. dis.	1/16-3/16 c. dis
Montreal	par-¼ c. dis.	1/16-3/16 c. dis.
Amst'dam	par-1 c. dis	½c pm-½ c. dis
Brussels	par-20c. dis	15c pm-05 c. dis
Copenh'n.	par 5 ore dis	4 9 ore dis.
Frankfort	½pf pm-½ pf.dis	1¼-¼ pf pm.
Lisbon	10 c. pm-10 dis.	30c.pm-05c.dis
Milan	1½l.pm-1½l.dis	1 lirepm 2 lr.dis
Oslo	5 ore pm-par	8-4 orepm
Paris	8-6 c. pm	15-12 c. pm
Stockh'lm	¼-1¼ ore dis	1½-2½ ore dis
Vienna	20gropm-20grodis	25g.pm-10g.dis
Zurich	4-3½ c. pm	10⅝-9⅝ c. pm

ACCOUNT DEALING DATES

*First Dealings	Declarations	Last Dealings	Account Day
Oct. 4	Oct. 14	Oct. 15	Oct. 26
Oct. 18	Oct. 28	Oct. 29	Nov. 9
Nov. 1	Nov. 11	Nov. 12	Nov. 23

Option

* "New time" dealings may take place from 5 p.m. three business days earlier.

UNIT TRUST PRICES

(Supplied by Managers)

Prices in pence	Oct. 25	
National Group (:)		
Nat. Unit 'D' Second Series.	141.8	149.3
Century Trust	40.0	41.2m
Nat. Consolidated Unit Trust	218.8	229.0
Universal Second Unit Trust	88.0	93.0
Commercial Consolidated.	233.0	243.2
Hundred Trust	39.0	40.2
Gas & Electric Second Series	370.6	385.0xd
Inv. Sec. General Trust	52.5	54.6
Investors General Trust	212.0	221.4xd
Provident Investors Second	131.4	139.0

CORAL INDEX

Close 406-411

THE FINANCIAL TIMES, published daily except Sundays and holidays. U.S. subscriptions $119 (air freight) $194 (air mail) per annum.

REGIONAL MARKETS

NORTHERN EXCHANGE

Albany Inv. (20p)	42	8	1.1	5.8
AshSpinning	26xd	14	2.2	13.5
B'grave Mills (20p)	6	—	—	—

Mackinnon	77½	20	1.8	6.4
Morrison & Gibb.	11¼	—	—	—
Richards (5p)	19	19	1.4	5.0
Scotcros	33	12	—	9.1
Utd. Wre. Grp.	56	31½	1.2	:

✤ Prices in pence and denominations of p unless otherwise indicated. Gross redemption yields are given on Government and Corporation stocks. For explanations of other signs see footnote on inside back page Closing Prices, etc.

WEEKLY AVERAGES OF U.K. INDICES

Week to—	Oct. 24	Oct. 15	Oct. 8	Oct. 1
Financial Times				
Govt. Secs.	79.17	79.52	78.95	76.60
Fixed Interest	76.99	79.22	78.71	72.59
Industr'l Ord.	411.1	416.6	414.5	413.5
Gold Mines	44.6	45.6	46.9	47.4
Dealings mkd.	13,066	12,463	11,628	11,997

Week to—	Oct. 24	Oct. 15	Oct. 8	Oct. 1
F.T.-Actuaries				
Ind. Group	169.53	171.56	170.99	171.37
500-Share	183.44	185.52	184.42	184.79
All-Share	180.35	193.02	182.08	182.43
20-year Govt.	86.10	88.41	85.85	85.56
Red. Debs.	78.74	79.26	78.42	78.43

FINANCIAL TIMES STOCK INDICES

—	Oct. 22	Oct. 21	Oct. 20	Oct. 19	Oct. 18	Oct. 15	A Year ago
Government Sec.	79.05	79.16	79.27	79.12	79.27	79.62	70.98
Fixed Interest	78.99	79.07	79.11	78.98	78.81	79.37	73.43
Industrial Ordinary*	407.4	404.7	412.4	415.2	415.7	414.6	368.4
Gold Mines	44.5	44.5	44.8	44.6	44.8	45.1	53.6
Ord. Div. Yield pc.	3.85	3.86	3.79	3.76	3.76	3.77	4.58
Earnings Yield pc (a)	6.02	5.93	5.83	5.78	5.79	5.80	6.55
P.E. Ratio (a)	16.61	16.85	17.14	17.29	17.26	17.24	15.74
Dealings Marked	12,209	11,969	13,597	14,206	13,447	12,772	9,111

*10 a.m. 405.9 11 a.m. 405.9 Noon 404.9 1 p.m. 404.7 2 p.m. 406.4 3 p.m. 406.4

(a) Based on 40% corp. tax from March 30, 1971. Latest Index 01-246 8026

HIGHS AND LOWS

—	1971 High	1971 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	79.64 (13/10/71)	68.83 (4/1/71)	127.4 (9/1/35)	64.21 (11/6/69)
Fixed Int.	79.37 (15/10/71)	69.63 (4/1/71)	150.0 (28/11/47)	67.12 (11/6/69)
Ind. Ord.	430.8 (7/9/71)	305.3 (3/3/71)	521.9 (19/9/68)	49.4 (26/6/40)
Gold Mines	61.3 (18/5/71)	44.5 (21/10/71)	100.0 (12/9/55)	44.0 (13/1/70)

S.E. ACTIVITY

—	Oct. 22	Oct. 21
Daily—		
Gilt-Edged	189.7	195.1
Industrials	403.3	399.6
Speculative	162.6	158.7
Totals	277.9	272.4
5-day ave—		
Gilt-Edged	207.7	209.3
Industrials	443.4	445.7
Speculative	209.7	185.8
Totals	297.9	300.4

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. S.E. Activity July-Dec. 1942. : Corrected figure.

SHARE INFORMATION SERVICE : NOTES

The following Notes relate to Share Information Service:—

A copy of this Offer for Sale, having attached thereto the documents specified below, has been delivered to the Registrar of Companies for registration.
Application has been made to the Councils of The Stock Exchange, London, and The Midlands & Western Stock Exchange, for permission to deal in and for quotation for the whole of the fully paid Ordinary Share Capital of Pork Farms Limited ("the Company") issued and to be issued.
The Application List for the Ordinary Shares now offered for sale will open at 10.00 a.m. on Thursday, 28th October, 1971 and will close as soon thereafter on the same day as Samuel Montagu & Co. Limited may determine.

Pork Farms Limited

(Incorporated under the Companies Act 1929)

Samuel Montagu & Co. Limited

Offer for Sale

1,050,000 Ordinary shares of 10p each at 115p per share

Payable in full on application

The Ordinary Shares now offered for sale rank in full for all dividends hereafter declared on the Ordinary Share Capital of the Company.

Share Capital

Authorised £		Issued and to be issued fully paid £
300,000	Ordinary Shares of 10p each	200,000
100,000	Deferred Shares of 10p each	100,000
£400,000		£300,000

As at close of business on 14th October, 1971, the Company and its subsidiaries had outstanding commitments under asset leasing arrangements of £102,000. Save as aforesaid and apart from inter-company indebtedness and guarantees, neither the Company nor any of its subsidiaries had outstanding any mortgages, charges, debentures, bank or other similar indebtedness, hire purchase commitments, leasing arrangements or, except in the ordinary course of business, any guarantees or other material contingent liabilities.

Procedure for Application

Applications must be in multiples of 100 Shares up to 2,000 shares and thereafter in multiples of 200 shares up to 5,000 shares and in multiples of 500 thereafter. **Each application must be accompanied by a separate cheque for the full amount payable on application and be forwarded to Samuel Montagu & Co. Limited, New Issue Department, Augustine House, Austin Friars, London, EC2N 2JL.** Cheques, which must be drawn on a bank in and be payable in England, Scotland or Wales, must be made payable to "Samuel *Montagu & Co. Limited" and be crossed "Not Negotiable".* All cheques are liable to be presented for payment on receipt.

Preferential consideration will be given to applications made by Group employees including *executive Directors (other than Mr. D. C., Mr. F. C. and Mr. J. C. Samworth)* up to a maximum of 105,000 Ordinary shares if made on the special pink Forms of Application provided. Such applications must be for a multiple of 10 Ordinary shares with a minimum of 10 Ordinary shares.

Acceptance of applications will be conditional upon the Council of The Stock Exchange, London granting on or before 3rd November, 1971 permission to deal in and quotation for the whole of the issued Ordinary Share Capital of the Company. Money paid in respect of applications will be returned *if such permission and quotation are not granted by that date* and in the meantime will be retained by Samuel Montagu & Co. Limited in a separate account.

If any application is not accepted, the amount paid on application will be returned in full and, if any application is accepted *for fewer Ordinary shares than the number applied for, a cheque for the balance of the amount paid on application will be returned,* in each case through the post at the applicant's risk.

Arrangements have been made for the registration by the Company, free of stamp duty, of the Ordinary shares now being offered in the names of the persons entitled thereto under the terms of Letters of Acceptance which will be renounceable up to and including 15th December, 1971. Share certificates will be available on and after 14th January, 1972.

Copies of this Offer for Sale with Forms of Application may be obtained from:—

Samuel Montagu & Co. Limited,
New Issue Department, Augustine House, Austin Friars, London, EC2N 2JL.

Laurence, Prust & Co.,
Basildon House, Moorgate, London, EC2R 6AH.

Smith Keen Barnett,
Exchange Buildings, Stephenson Place, New Street, Birmingham, B2 4NN.

Hopewell, Powell, Trease & Co.,
11 Smithy Row, Nottingham, NG1 2ER.

Midland Bank Limited,
P.O. Box 68, 130 New Street, Birmingham, B2 4JU.

Midland Bank Limited,
6 Victoria Street, Nottingham, NG1 2FF.

DIRECTORS:

Frank Samworth (*President*)
34 Rivermead, Wilford Lane, West Bridgford, Nottingham.

David Chetwode Samworth
(*Chairman and Managing Director*)
Markham House, Thorpe Satchville, Melton Mowbray, Leicestershire.

Frank Chetwode Samworth
24 Village Close, Edwalton, Nottingham.

John Chetwode Samworth
42 Rivermead, Wilford Lane, West Bridgford, Nottingham.

Thomas Kenneth Parr, J.P.
The Grove, Cropwell Butler, Nottingham.

BANKERS:
Midland Bank Limited,
P.O. Box 68, 130 New Street, *Birmingham,* B2 4JU.

SOLICITORS TO THE COMPANY:
Day, Boot & Pollett.
3 East Circus Street, Nottingham, NG1 5AH.

SOLICITORS TO THE OFFER:
Evershed & Tomkinson,
Lombard House, 145 Great Charles Street, Birmingham, B3 3LX.

AUDITORS TO THE COMPANY:
Agar, Bates, Ledsam & Co., (*Chartered Accountants*)
Edmund House, 12-22 Newhall Street, Birmingham, B3 3DX.

REPORTING ACCOUNTANTS:
Price Waterhouse & Co., (*Chartered Accountants*)
3 Frederick's Place, Old Jewry, London, EC2R 8DB.

BROKERS:
Laurence, Prust & Co.,
Basildon House, Moorgate, London, EC2R 6AH and The Stock Exchange, London.
Smith Keen Barnett,
Exchange Buildings, Stephenson Place, New Street, Birmingham B2 4NN and The Midlands & Western Stock Exchange.
Hopewell, Powell, Trease & Co.,
11 Smithy Row, Nottingham, NG1 2ER and The Midlands & Western Stock Exchange.

SECRETARY AND REGISTERED OFFICE:
Thomas George Wilkinson Makings, F.C.I.S.
Lilac Grove, Beeston, Nottingham, NG9 1PJ.

REGISTRARS AND TRANSFER OFFICE:
Samuel Montagu & Co. Limited
St. Olaf House, Tooley Street, London, SE1 2PL.

History and Business

Pork Farms Limited ("the Company") was incorporated in April 1931 as Furniss Bros. (Nottingham) Limited and traded as pork wholesalers. It was acquired by members of the Samworth family in 1959 and adopted its present name in September 1971.

The Company acts only as a holding company, its principal subsidiaries being T. N. Parr Limited ("Parr's"), a company developed from the pork butcher's business acquired by Mr. Frank Samworth in 1950, and F. W. Farnsworth Limited ("Farnsworth"), a company which traded under the name Pork Farms and was acquired in 1969. The growth of the business has been achieved both by internal expansion and by the acquisition of similar businesses in the Midlands. The Company and its subsidiaries, all of which are wholly owned, are collectively referred to as "the Group".

The business of the Group is the manufacture and sale of meat products and in particular pork pies, pork sausages, bacon, ham, steak and kidney pies and pastries. The Group's best known products are pork pies and sausages, sold under the "Pork Farms" and "Parr's" labels, which have an excellent *trade and consumer reputation. Prizes have been won regularly at all major* exhibitions in the country, including the Melton Mowbray pork pie exhibition. The Group had the distinction of winning three gold medals at the latest International British Bakery Exhibition held in London in 1970.

Approximately 70 per cent. of the Group's sales are made direct to multiple and independent grocers, butchers and other stores; the remaining 30 per cent. are made through the Group's own retail outlets. About three-quarters of direct sales are distributed by the Group's van sales service which operates from its factories and from depots at Birmingham, Leicester and Norwich; daily deliveries from the Group's factories are made to these depots by refrigerated trunkers. Sales are also made in the north of England and to leading stores in the London area. The Group's retail business is conducted through its 46 shops located in the Midlands and South Yorkshire and selling predominantly *products manufactured by the Group.*

In recent years direct sales have increased faster than retail sales and it is anticipated that this trend will be maintained. The Group now supplies *products to one of the leading supermarket groups for re-sale under its own* label. Over 75 per cent. of the total sales are for cash on delivery and at present no single customer accounts for more than 3 per cent. of sales.

Apart from one contract, renewable annually, for the supply of pigs (which accounts for approximately 11 per cent. of the Group's raw material requirements), the Group has no long term contracts for the supply of raw materials.

Management and Staff

Mr. Frank Samworth, who is 66, was Chairman and Managing Director of Parr's from its purchase in 1950 until February, 1968 and is now President and a non-executive director of the Company. Mr. Frank Samworth's three sons, who are in their thirties, are the executive directors of the Group. Mr. David Samworth, who has been with the Group since 1956, was appointed a director of Parr's in 1957 and became group Chairman and Managing Director in February, 1968. Mr. F. C. Samworth and Mr. J. C. Samworth, who joined the Group in 1953, were appointed directors of Parr's in 1957 and are *jointly responsible with the Chairman for the operations of the Group.* Mr. T. K. Parr, who is 59, was Farnsworth's chief executive and principal shareholder until 1965. He was appointed a director of Parr's in September 1970 and is a non-executive director of the Company. Mr. David Samworth, Mr. F. C. Samworth and Mr. J. C. Samworth have recently entered into Service Agreements, details of which are given below.

The Group has developed a strong team of young executives working in key functions in the various operating companies and has a policy of retaining and encouraging local management, particularly when a business is acquired. There are nine executive directors of the operating subsidiaries and their average age is 40. A share incentive scheme has been established for certain directors and executives; details of the scheme are set out below.

The Group, which has good labour relations, employs approximately 1,130 people, of whom about *520 are engaged in production, 160 in distribution,* 350 in the retail shops and the balance in administration and other activities.

A contributory pension and life assurance scheme is in operation for *certain of the staff and employees (including certain directors of subsidiary* companies).

Premises

The Group's two principal factories are in Nottingham. One factory, which is freehold, was purpose-built in 1960 and has subsequently been extended to a total of 45,400 sq. ft. The second main factory (30,000 sq. ft.) which is predominantly freehold, is being compulsorily acquired by the local authority and a new freehold factory is being built for completion in August, 1972. The move to the new factory, which will have an area of approximately 60,000 sq. ft., has been planned and phased so as to ensure continuity of production. The planned capacity of these two modern factories, together with a new 20,000 sq. ft. freehold factory for a subsidiary at Stoke-on-Trent (due for completion in October 1972), will provide ample room for future expansion of production.

A summary of the Group's properties is set out below.

Net Assets and Working Capital

As will be seen from the Accountants' Report, the net tangible assets of the Group at 27th February, 1971 were £309,628. If there is added to this figure the sum of £122,000, being the estimated net proceeds of the issue of 150,000 Ordinary Shares receivable by the Company after deducting the expenses payable in connection with the Offer for Sale, the net assets would be increased to approximately £432,000.

The Directors are of the opinion that, having regard to the net proceeds of issue mentioned above and available bank facilities, the Group will have adequate working capital for its present requirements, including the capital expenditure on the new factories.

Profits, Prospects and Dividends

As will be seen from the Accountants' Report, sales have grown consistently over the past 10 years. The main growth in profits has however been achieved since 1968 largely as a result of more effective product marketing and rationalization of Farnsworth with other companies in the Group. The *exceptional increase in profits in 1965 reflects unusually favourable raw* material prices in that year. In July, 1969, Farnsworth was acquired for cash and was then earning profits of £28,000 on a turnover of £1.9 million. Farnsworth's profits have since been increased substantially.

The Board is confident of being able to continue the Group's growth of profits by maintaining a high quality product, by increasing sales, both in its existing markets and by further development of own label business, and by continuing its policy of acquiring other companies in the food manufacturing industry. The rise in raw meat prices which is likely to follow entry into the Common Market should not affect profits adversely since the Group adopts a policy of fixing its main product selling prices weekly by reference to movements in raw materials prices. Moreover the experience of the past few months indicates that the rising price of fresh meat increases the demand for *manufactured meat products. Subsidies under the Government's bacon* stabilizer scheme are not a significant factor in the Group's cost structure: it is expected that this subsidy will amount to approximately 1 per cent. of total *sales in the financial year ending 26th February, 1972.*

Unaudited accounts show sales and profits before tax for the six months to 28th August, 1971 amounting to £2,515,000 and £195,000 respectively com*pared with £2,120,000 and £125,000 in the comparable period of 1970.* The Directors expect that, in the absence of unforeseen circumstances, profits before taxation for the year ending 26th February, 1972, will be not less than £400,000.

The Board expects to recommend a final dividend on the £200,000 issued Ordinary Share Capital for the current year of 30 per cent. payable in June, 1972. *In a full financial year,* on the basis of profits before tax of £400,000 and corporation tax at the rate of 40 per cent. it would be the intention of the Board to recommend dividends totalling 50 per cent. of which 20 per cent. would be payable as an interim dividend in December and 30 per cent. as a final dividend in the following June.

The Deferred Shares, details of which are set out below, do not rank for dividends and will not be converted into Ordinary Shares until the publication of the annual accounts for the year ending 26th February, 1977 or for the year in which *profits before tax per share exceed 27p being approximately* double the level forecast for the year ending 26th February, 1972; whichever is the earlier.

On the basis set out above, profits of £400,000 in a full year would be *appropriated as follows:—*

	£
Profits before tax	400,000
Corporation Tax assumed at 40 per cent.	160,000
	240,000
Dividends totalling 50 per cent. on issued and fully paid *Ordinary Share Capital*	100,000
Leaving for retention	£140,000

On this basis and at the Offer for Sale price of 115p, the price earnings ratio and the Ordinary Dividend cover would be as follows:—

	Price earnings ratio	*Dividend Cover*
On £300,000 Ordinary Share Capital (*assuming conversion of Deferred Shares*)	14.37	1.6 times
On £200,000 Ordinary Share Capital	9.58	2.4 times

At the Offer price, the dividend yield would be 4.34 per cent.

ACCOUNTANTS' REPORT

The following is a copy of a joint report received from Agar, Bates, Ledsam & Co., the Company's auditors and Price Waterhouse & Co., the reporting *accountants.*

The Directors, *21st October, 1971*
SAMUEL MONTAGU & CO. LIMITED
PORK FARMS LIMITED

Gentlemen,

Throughout the period covered by this report Pork Farms Limited ("the Company") and T. N. Parr Limited ("Parr's") have been under common ownership and control. *On 21st October, 1971 Parr's became the wholly owned subsidiary of the Company* following an exchange of shares. The Company, Parr's and its subsidiaries are referred to in this report as "the Group".

We have examined the books and accounts of all companies in the Group for the periods relevant to this report.

Profits

The following is a summary of the combined turnover, depreciation and profits before *taxation of the Group for the ten years and four months ended 27th February, 1971,* arrived at on the basis set out below:

Period ended (52 weeks unless stated otherwise) (i)	*Turnover* £ (ii)	*Depreciation* £ (iii)	*Profit before taxation* £ (iv)
28th October, 1961	614,898	10,810	20,410
27th October, 1962	627,541	12,147	21,705
2nd November, 1963 (53 weeks)	641,634	10,821	7,637
31st October, 1964	821,682	15,935	19,203
30th October, 1965	1,044,389	18,118	78,017
29th October, 1966	1,227,671	26,555	30,060
28th October, 1967	1,475,350	29,306	65,119
2nd November, 1968 (53 weeks)	*1,856,217*	35,585	86,348
1st November, 1969	2,381,944	38,440	148,630
28th February, 1970 (17 weeks)	*1,458,112*	*24,466*	*56,285*
27th February, 1971	4,404,280	93,366	278,431

The profits shown in column (iv) above are stated before taxation and after charging all expenses of working and management (including depreciation as shown in column (iii)) and interest payable and after making such adjustments as we consider appropriate.

The results of subsidiaries acquired during the period, all of which were acquired for *cash, have been included from their respective dates of acquisition. Payment of* £171,274 of the consideration for the acquisition of a subsidiary in July 1969 was deferred for two years without interest and accordingly no interest on this amount has been charged in arriving at the profits shown above.

The emoluments of the present directors of the Company for the 52 weeks ended 27th February, 1971 amounted to £35,931. Under arrangements now in force their emoluments would have amounted to £35,000.

Net Tangible Assets

The following is a statement of the net assets of the Company and the Group as at 27th February, 1971 based on audited accounts at that date adjusted to reflect the issue of shares by the Company in connection with the acquisition of Parr's on 21st October, *1971 and after making such other adjustments as we consider appropriate.*

Company £	£		*Group* £	£
		FIXED ASSETS		
		Land and buildings		
		At professional valuation at 27th February, 1971:		
		Freehold		375,000
		Long leasehold		29,600
				404,600
		Short leasehold, at cost	59,135	
		Less: Depreciation	39,049	
				20,086
				424,686
		Plant and motor vehicles, at cost	677,170	
		Less: Depreciation	440,763	
				236,407
	—			661,093
		INTEREST IN SUBSIDIARIES		
30,163		Shares held at 27th February, 1971, at cost		
43,184		Shares acquired on 21st October, 1971, at nominal amount of shares issued in exchange		
73,347				
761		*Less:* Amount payable		
	72,586			
		CURRENT ASSETS		
		Stocks at the lower of cost and net realisable value	146,864	
		Debtors	194,711	
		Short term deposits	115,000	
		Cash	3,087	
			459,662	
		Deduct: CURRENT LIABILITIES		
10,801		Bank overdraft (secured)	63,713	
1,091		Creditors	367,476	
53		Corporation tax	148,664	
—		*Consideration for acquisition of a* subsidiary (paid in July 1971)	171,274	
11,945			751,127	
	11,945	NET CURRENT LIABILITIES		*291,465*
	60,641			369,628
		Deduct: DEFERRED LIABILITIES		
		Corporation tax payable after 26th February, 1972	35,000	
		Tax deferred by capital allowances	25,000	
	—			60,000
	£60,641	NET TANGIBLE ASSETS		£309,628
		Representing:		
		ISSUED SHARE CAPITAL		
15,000		At 27th February, 1971	15,000	
43,184		Issued on 21st October, 1971 for the acquisition of Parr's	43,184	
	58,184			58,184
	—	CAPITAL RESERVES		133,028
	2,457	REVENUE RESERVES		452,492
	60,641			643,704
		Less: PREMIUM PAID BY PARR'S ON ACQUISITION OF SHARES IN SUBSIDIARIES		
	—			334,076
	£60,641			£309,628

Freehold and long leasehold properties were valued as at 27th February, 1971 by Hallam, Brackett & Co., Chartered Surveyors and Valuers, of Nottingham, and the book values of properties have been increased by £83,598 to reflect this valuation. No provision has been made for any tax on capital gains which might arise in the event of the realisation of any part of this surplus on disposal of the premises. At current rates of taxation the potential liability is estimated at not more than £25,000.

The cost of plant is stated after deducting investment grants receivable.

Authorisations for capital expenditure at 27th February, 1971 amounted to £52,700: contracts had been placed for *£41,000 of this expenditure. Since 27th February 1971* authorisation has been given for capital expenditure on two factories amounting to £560,000.

Dividends

No dividends have been paid by the Company during the period covered by this report.

Accounts

No accounts for submission to members have been prepared since those to 27th February, 1971.

Yours faithfully,
AGAR, BATES, LEDSAM & CO.
PRICE WATERHOUSE & CO.

STATUTORY AND GENERAL INFORMATION

The Company

1. The Company was incorporated in England on 23rd April, 1931 as Furniss Bros. (Nottingham) Limited.
2. On 27th February, 1971 the authorised and issued Share Capital was £15,000 divided into 15,000 Shares of £1 each.
3. On 30th September, 1971 the present name was adopted.
4. On 21st October, 1971:—

(a) The authorised Share Capital of the Company was subdivided and increased to *£400,000, divided into 3,000,000 Ordinary Shares of 10p each and 1,000,000* Deferred Shares of 10p each.
(b) Pursuant to Contract No. (1) below 431,840 Ordinary Shares of 10p each were issued as follows in exchange for the transfer to the Company of the whole of the *issued Share Capital of Parr's not already owned by the Company: F. Samworth* (20,664), Mrs. M. P. G. Samworth (776), D. C. Samworth (136,800), F. C. Samworth (136,800), J. C. Samworth (136,800).
(c) A dividend of £230,000 was received by the Company from Parr's.
(d) The sum of *£226,816* being part of the amount standing to the credit of the Company's Revenue Reserves was capitalised and used in paying up in full 1,268,160 Ordinary Shares of 10p each and 1,000,000 Deferred Shares of 10p each which were allotted to the Shareholders in due proportion.
(e) The Company became a public company and adopted new Articles of Association.

Agreement with Samuel Montagu & Co. Limited ("Montagu")

Under Contract No. (2) below Montagu has agreed, subject to permission to deal in and quotation for the whole of the issued and fully paid Ordinary Share Capital of the Company being granted by the Council of The Stock Exchange, London not later than 3rd November, 1971, (a) to subscribe for 150,000 Ordinary Shares of 10p each at a price of 115p per share (less 2 per cent. thereof); (b) to purchase from the Ordinary Shareholders of the Company 900,000 Ordinary Shares of 10p each at 115p per share (less 2 per cent. thereof) in the following proportions: F. Samworth (65,704), Mrs. M. P. G. Samworth (2,476), D. C. Samworth (277,273), F. C. Samworth (277,273), J. C. Samworth (277,274); (c) to offer all of such 1,050,000 Ordinary Shares for sale to the public. The Company will pay the costs and expenses of and incidental to the reorganisation referred to above and the above-mentioned acquisition of share capital of Parr's, the costs and expenses of and incidental to the application for permission to deal in and for quotation for the issued and fully paid Ordinary Shares, the accountancy and legal expenses, the stamp duty on the increase in the Share Capital, the costs of printing, advertising and circulating this Offer for Sale, the fees and expenses of the receiving bankers and the Registrars and a fee to Montagu. The aggregate costs and expenses *payable by the Company in respect of the Offer for Sale are estimated to amount to* £47,000.

Articles of Association

The Articles of Association of the Company contain provisions (*inter alia*) to the following effect:—

(1) VOTING. Subject to any special conditions as to voting attached to any shares, on a show of hands every member personally present has one vote, and on a poll every *member present in person or by proxy has one vote for every 10p in nominal value* of the share capital held by him.

(2) VARIATION OF CLASS RIGHTS. Subject to the Companies Acts, the special rights attached to any class of Shares may be varied or abrogated (including whilst the Company is being wound up) with the consent in writing of the holders of three-fourths of the issued Shares of the class or with the sanction of an Extraordinary Resolution passed at a separate General Meeting of the holders of such Shares.

(3) DIRECTORS
(a) No shareholding qualification for Directors is required; but a Director may attend and speak at all General and class meetings.
(b) *Section 185 of the Companies Act 1948 regarding the appointment and retire*ment of Directors who have attained the age of 70 applies to the Company.
(c) The Directors are entitled by way of ordinary remuneration to such fees as the Company in General Meeting may determine. Directors who perform special *services are entitled to extra remuneration, as fixed by the Board.*
(d) The Board may exercise all the powers of the Company to provide for and pay pensions, annuities or other allowances and benefits for the employees and ex-employees (including executive Directors) of the Company and its subsidiaries *and dependants of any such persons.*
(e) A Director may hold any other office or place of profit under the Company (except that of Auditor) for such period and remuneration and on such other terms as the Board may determine.
(f) *A Director, notwithstanding his interest, may be counted in the quorum present* at any meeting at which he or any other Director is appointed to hold any office or place of profit under the Company or under any other company or at which the terms of any such appointment are considered or varied or where the Board *resolves to exercise any of its powers in relation to the Share Incentive Scheme* and he may vote on any such matter other than in respect of his own appointment or the arrangement or variation of the terms thereof or the offer to him of the right to subscribe for Shares under the Share Incentive Scheme. Save as *aforesaid and apart from certain other standard circumstances a Director may* not vote in respect of any contract or arrangement in which he is interested nor may he be counted for the purposes of any resolution regarding the same in the quorum present at the meeting.

(4) BORROWING. The borrowings of the Company and/or any of its subsidiaries (excluding inter-company borrowings) shall not at any time without the previous sanction of an Ordinary Resolution of the Company exceed a sum equal to five *times the aggregate of the paid up share capital of the Company and of the consoli*dated reserves (all as calculated in accordance with the Articles of Association).

Rights of Deferred Shares

The Deferred Shares, which will not be quoted on any Stock Exchange, have the following rights:—

(1) The Deferred Shares shall rank *pari passu* with the Ordinary Shares, except as stated below;
(2) The Deferred Shares shall not rank for participation in any dividend or distribution *made in respect of any financial year prior to the conversion date;*
(3) The conversion date shall be the earliest of the following three dates:—
(a) The date of publication of the Annual Accounts of the Company for a financial year disclosing profits before tax attributable to each share which equal or exceed 27p (*adjusted as appropriate for any capitalisation, consolidation* or subdivision of the present Share Capital);
(b) the date of publication of the Annual Accounts of the Company for the financial year ended 26th February, 1977;
(c) *the date on which an offer for the issued Ordinary Share Capital of the Company* is declared unconditional.

On the conversion date, the Deferred Shares will be converted into Ordinary Shares ranking *pari passu* in all respects with the existing Ordinary Shares. Application for *quotation for the Ordinary Shares arising on conversion will be made to the Councils of* The Stock Exchanges upon which the Ordinary Shares are then quoted.

Share Incentive Scheme

On 21st October, 1971 an Extraordinary General Meeting of the Company approved the introduction of a Share Incentive Scheme under which certain executives of the Group (including the Executive Directors of the Company other than Mr. D. C., Mr. F. C., and Mr. J. C. Samworth) may be offered Ordinary Shares in the Company (*"Incentive Shares"), upon terms which are designed to enable participating executives,* by remaining with the Company, to share in the continued success of the Company. The main features of the Scheme, a copy of which is available for inspection as indicated below, are as follows:—

(1) *The maximum number of Incentive Shares to be issued under the Scheme will be* 150,000 representing 5 per cent. of the Share Capital of the Company, (subject to adjustment in certain circumstances) unless and to the extent that the Company in General Meeting authorises any further issues.
(2) No participant may be allotted more than 50,000 Incentive Shares, such provision being subject to adjustment in certain circumstances.
(3) The subscription price for the Incentive Shares will be the middle market price of the Ordinary Shares in the Company on The Stock Exchange, London, on the last business day immediately preceding the date on which the shares are offered to an executive.
(4) Of the subscription price of each Incentive Share, 1p must be paid on acceptance. A participant may pay up *the balance at any time after he has been the registered* holder of the shares for five years and the Company may require him to do so after ten years, subject to earlier payment and proportionate adjustments in the number of Incentive Shares in certain circumstances.
(5) *Until fully paid up,* the Incentive Shares will not rank for dividends, nor be transferable (except in certain exceptional circumstances) nor carry voting rights.
(6) When fully paid up, Incentive Shares will rank equally with the Ordinary Shares in the Company and application for quotation will thereupon be made to The Stock Exchanges on which the Ordinary Shares are then quoted.
(7) No Incentive Share may be issued for a period of six weeks following the date on which permission to deal in and quotation for the whole of the issued Ordinary Shares of the Company is granted.
(8) The unpaid balance of the subscription price will be limited in the event of liquidation to the nominal value of the share less the amount already paid up.

Subsidiaries

The Company owns the whole of the issued share capital of Parr's, which itself is the holding company for the other subsidiaries. The subsidiaries, all of which are in*corporated in England and all of which are wholly owned, are listed below together in* each case with its issued share capital and date of incorporation:—

Company	*Issued Share Capital*	*Date of Incorporation*
T. N. Parr Limited	£75,750	16th November, 1950
Binghams (Cooked Meats) Limited	£41,760	7th December, 1948
*Percy Camill Limited	£1,000	13th November, 1961
F. W. Farnsworth Limited	£21,513	10th March, 1947
**G. A. Glover & Son Limited*	£6,100	*28th January, 1959*
*Mrs. Elizabeth King (Retail) Limited	£2	19th November, 1962
*Furniss Bros. (Nottingham) Limited	£16,210	16th December, 1932
G. Folwell & Son Limited	£27,000	14th June, 1933
Juvel Limited	*£10,000*	*27th April, 1962*
*T. N. Parr (B'ham) Limited	£1,900	28th February, 1953
Norman Peat Limited	£20,800	9th October, 1964
William Watson (Central Bakery Fenton) Limited	£4,380	4th April, 1944
*Peat's (Supermarkets) Limited	£3	1st May, 1968

*Not trading.

On 21st October, 1971, the existing issued Ordinary Shares of £1 each in Parr's were converted into and redesignated as 4 per cent. Non-Cumulative Preference Shares of £1 each and part of the reserves of Parr's was capitalised and applied in paying up in full 75,000 Ordinary Shares of 1p each and such shares were allotted to the Shareholders *in due proportion.*

Premises

The Group's principal properties are as follows:—

Description	*Tenure*	*Area Square feet*
Factories and Depots		
Lilac Grove, Beeston, Nottingham	Freehold	45 400
Alfred Street, Nottingham	Freehold and leasehold (subject to compulsory purchase)	30,000
Various addresses	5 Freehold	35,000
Penistone Road North, Sheffield	Long leasehold (at a Ground Rent of £6 p.a. and expiring in 2699)	4,500
Loughborough Road, Leicester	Quarterly tenancy (at a rent of £750 p.a.)	6,500
		121,400

In addition there are, located in the Midlands and South Yorkshire, 6 freehold shops, 2 shops held on Leases expiring in 2067 and 2899 and at current *rack and ground rents* of £4,500 p.a. and £4.60 p.a. respectively and 38 shops held on rack rent tenancies at annual rents currently totalling approximately £43,000 and expiring on dates between 1971 and 1992.

Material Contracts

The following Contracts (not being Contracts in the ordinary course of business) have been entered into within the period of two years immediately preceding the date of this *Offer for Sale and are or may be material:—*

(1) Dated 21st October, 1971, made between (a) the Shareholders of Parr's other than the Company and (b) the Company for the acquisition of the whole issued capital of Parr's not already owned by the Company, on the terms set out above.
(2) Dated 21st October, 1971 made between (a) F. Samworth, Mrs. M. P. G. Samworth, D. C. Samworth, F. C. Samworth and J. C. Samworth as vendors, (b) the Directors of the Company (c) the Company and (d) Montagu being the Agreement with Montagu referred to above.
(3) Dated 21st October, 1971 three agreements between (a) the Company and (b) D. C. Samworth, F. C. Samworth, and J. C. Samworth respectively whereby the latter agree to serve the Company for a period of five years from 1st October, 1971 at the minimum annual rates of remuneration inclusive of fees, as follows:— D. C. Samworth £10,000, F. C. Samworth and J. C. Samworth £7,000 each. None of these agreements provides for the payment of commission.
(4) Dated 30th September, 1971, *between (a) the Nottingham Corporation and* (b) Farnsworth for the grant to Farnsworth of a lease for 99 years from 25th December, 1971 at an annual rent of £9,200, subject to review, of a site at Queens Drive, Nottingham.
(5) *Dated 9th August, 1971,* between (a) Farnsworth and (b) Vic Hallam (Contractors) Limited for the construction of a factory at Queens Drive Industrial Estate, Nottingham at a basic price of £361,000.

Directors' Interests

(1) The following table sets out the interests (all being beneficial) of the directors and their respective families in the issued Share Capital of the Company after completion of Contract No. (2) above:—

Name	*Ordinary Shares of 10p each*	*Deferred Shares of 10p each*
Mr. F. Samworth	—	—
Mr. D. C. Samworth	315,000	333,333
Mr. F. C. Samworth	315,000	333,333
Mr. J. C. Samworth	315,000	333,333
Mr. T. K. Parr	5,000	1
	950,000	1,000,000

(2) Other than as in Contract No. (1) referred to above, no Director is interested either directly or indirectly in the promotion of, or in any material assets which have been *within the two years preceding the publication of this Offer for Sale,* acquired, disposed of by or leased to, the Company or any of its subsidiaries or are proposed to be acquired, disposed of by or leased to the Company or any of its subsidiaries.

General

(1) No part of the proceeds of sale of the Ordinary Shares purchased by Montagu from the vendors under Contract No. (2) above is receivable by the Company.

The net proceeds of the issue of 150,000 Shares to Montagu, receivable by the Company is estimated *to amount to £169,000, and will be utilised to provide for* the estimated expenses payable by the Company in connection with this Offer for Sale and to finance further expansion.

(2) Surtax and shortfall clearances have been obtained as appropriate for all the periods up to 27th February, 1971 *in respect of the Company and its subsidiaries.* Under Contracts No. (1) and No. (2) above, the vendors have agreed to indemnify the Company in respect of any depletion of the Group's assets by reason of certain liabilities for taxation and estate duty.

(3) Clearance under Section *464 of the* Income and Corporation Taxes Act, 1970 has been obtained in respect of this Offer for Sale, and the reorganisation of the share capitals of the Company and Parr's.

(4) The Directors have been advised that, immediately following this Offer for Sale and on the basis of *the information now available, the Company will not be a "close* company" as defined by the Income and Corporation Taxes Act, 1970.

(5) No share or loan capital of the Company or any of its subsidiaries is under option or agreed conditionally or unconditionally to be put under option. Save as disclosed herein *no share or loan capital of the Company* or any of its subsidiaries has within the two years preceding the publication of this Offer for Sale been issued or is proposed to be issued either for cash or otherwise and no commissions, discounts, brokerages or other special terms have been granted within the said two years by the Company or any of its subsidiaries *in connection* with the issue or sale of any part of their respective share capitals.

(6) Neither the Company nor any of its subsidiaries has any known litigation or claim of material importance pending or threatened against it.

(7) *No issue of Share Capital* will knowingly be made which could effectively alter the control of the Company without the prior approval of the shareholders in General Meeting.

Consents and Documents

(1) Agar, Bates, Ledsam & Co., Price Waterhouse & Co. and Hallam, Brackett & Co. have given and have not withdrawn their written consents to the issue of this Offer for Sale with the inclusion therein in the case of the first two named firms of their Report and in the case of the third named firm of references to their Valuation, in the form and context in which they are included.

(2) The above-mentioned consents, a statement of the adjustments made by Agar, Bates, Ledsam & Co. and Price Waterhouse & Co. in arriving at the figures set out in their Report and the reasons therefor, and copies of the Contracts listed above have been attached to the copy of this Offer for Sale delivered to the Registrar of Companies for registration.

(3) Copies of the following *documents may be inspected at the offices of* Samuel Montagu & Co. Limited, New Issue Department, Augustine House, Austin Friars, London, EC2N 2JL, at the offices of Evershed & Tomkinson, Lombard House, Great Charles Street, Birmingham, B3 3LX and at the offices of Day, Boot & Pollett, 3, East Circus Street, *Nottingham NG1 5AH during usual business hours* on any weekday (Saturdays excepted) for a period of fourteen days following the date of publication of this Offer for Sale:—

(a) the Rules of the Share Incentive Scheme;
(b) *the Material* Contracts listed above;
(c) the Accountants' Report (and the statement of adjustments);
(d) the Valuation;
(e) the above-mentioned consents;
(f) the audited accounts of the Company and Parr's for the two financial periods ended 27th February, 1971;
(g) the Memorandum and Articles of Association of the Company.

Dated 21st October, 1971.

Unions' strike pay-out more than doubled in 1970

BY JOHN ELLIOTT, LABOUR EDITOR

HE amount of strike pay distributed by unions last year more than doubled to £3.6m. from 6m., according to the annual report of the Chief Registrar of Friendly Societies.

This drain on union funds stemmed from the sharp increase strikes last year which totalled record 11m. days lost, a figure ich has already been exceeded s year.

Last year's 121 per cent. increase followed a 40 per cent. e in 1969 and 59 per cent. in 8. During 1970 the largest creases, as would be expected, re in general unions which re £1.1m. up, engineering and pbuilding unions up £257,000, d distributive trades up 0,000.

nds problem

The problems this increased itancy raises for union funds e pinpointed last week by Jim Conway, general secretary of the Amalgamated Union Engineering and Foundry rkers, which has had money blems for several years. Last r dispute pay cost the UW's engineering section ,000 but for the first six ths of this year alone the re was £750,000 (mainly due he Ford strike). Mr. Conway cast a total for this year of m.—increasing pressure on union's funds which are also g hit to the tune of £100,000 ar for interest on union dues ars.

is against this financial background that many unions are to lose their traditional tax ption on benefit funds by wing the TUC's policy of registration under the Industrial Relations Act — worth 000 a year to the Transport General Workers' Union — her with laying themselves to unlimited fines if they taken to the new labour s as unregistered unions.

the end of 1970 there were registered unions of em- es with funds amounting to n., £2m. more than at the ning of the year states the Registrar's report. Broadly in line with increased TUC membership (the fact that there are only 142 unions in the TUC is balanced by some large TUC unions like the local government officers and teachers, and postmen not being registered), the total membership of these unions rose by 524,000 to 9.3m. The TUC total went up from 9.4m. to 10m. leaving it ahead of the registrar's total. Again in line with the TUC, the main registered increases were in engineering, general unions, and local councils.

Membership contributions increased by £5½m. to £44m. for registered unions and averaged £4.88 a member. The total income amounted to £52m. of which about 60 per cent. was spent on general working expenses. Some £11m. went on provident benefits and £533,000 on unemployment—24.9 per cent. higher than in 1969, another figure which will rise this year.

To-day's statistics are contained in the Registrar's last annual report covering unions, his responsibility exercised since 1871 having passed at the beginning of this month to the new Registrar of Trade Unions and Employers' Associations. In a general introduction to the report, the Chief Registrar, Mr. S. D. Musson, points out that the association of the Friendly Societies' registrar with unions was perhaps more logical 100 years ago than it is to-day because more unions then had the characteristics of friendly societies.

Registrar's role

The 1871 legislation gave the Registrar only minimal control over union rule books, but Mr. Musson makes the point, which is significant at a time when the more powerful role of the new registrar is being opposed by union leaders, that "successive registrars persevered beyond the strict limits of their duty with increasing co-operation from the unions concerned so that by the time I become chief registrar it was rare. . . to find a union unwilling to make an amendment (to its rules) when asked to do so."

Nevertheless, it took nearly 20 years for union opposition to the 1871 registration requirements to be overcome so that the then Registrar could report in 1892: "The indisposition to register which was shown by trade unions in the early years of the operation of the 1871 Act has, to a large extent, ceased to exist." There were then 493 unions on the register.

Report of the Chief Registrar of Friendly Societies for 1970, Part 4, Trade Unions. S.O.; 40p.

Work-to-rule at Heathrow

THE work-to-rule by more than 1,000 industrial staff at Heathrow Airport-London was having "no significant effect," a spokesman for the British Airports Authority said last night.

The men decided on industrial action in support of a pay claim. They have rejected an offer of 6 per cent.

NEW BID TO-DAY TO SETTLE DOCKS SUGAR STRIKE

Fresh efforts will be made at Liverpool to-day to resolve the 11-day-old strike of 38 process and maintenance workers which has halted deliveries at the bulk sugar berth at Huskisson Dock.

The strike arises from the introduction of the second stage of the Devlin Plan a fortnight ago to cover the 10,500 Mersey dockers. The plan did not however, cover the bulk handling of sugar and grain.

The sugar men, who handle raw cane from the ships to the nearby silo, are claiming an extra 25p an hour. Their employers, Huskisson Transit, a subsidiary of Tate and Lyle, have offered talks with district officers of the four trade unions involved as soon as the men return to work but, so far, shop stewards have turned this down.

STRIKE THREAT AT UNION OFFICES

The Amalgamated Union of Woodworkers and Painters, headed by Mr. George Smith, this year's chairman of the TUC, is facing an unofficial strike from to-day by seven of its staff at its Manchester regional office.

They are protesting at the dismissal of four office girls in the North-West for "economic and administrative reasons." The strikers, who will be joined by the girls in the union's Liverpool office, are all members of the Clerical and Administrative Workers' Union.

Judges' report 'leak' wrong—Shawcross

LORD SHAWCROSS, chairman of the Council of Justice, yesterday attacked the publication in the Sunday Times of a report on the appointment and retirement of judges prepared by a sub-committee of Justice, the British section of the International Commission of Jurists.

Lord Shawcross

Lord Shawcross said publication of the draft report constituted an "obvious breach of privacy and the law of copyright."

Although a "notorious and consistent believer in the freedom of the Press" he did not consider the publication justified, he said and he regretted that anyone should think it useful at the present time to shake public confidence in the judiciary.

Lord Shawcross emphasised he was making the statement in his personal capacity.

The Sunday Times claimed the report had divided justice and Lord Shawcross had ordered it not to be published. According to the Sunday Times, the report recommended that judges be appointed by a committee, receive training courses and that there should be a judicial commission to hear complaints in private about their conduct. It also dealt with judges' social backgrounds and day-to-day life.

Lord Shawcross said the newspaper publication was entirely unauthorised. A report on the lines indicated existed in draft but had not been approved by the Council of Justice.

He added: "The publication also casts suspicion on a small and identifiable group of people including myself, that one of them is willing to give away for newspaper publicity the confidences of his colleagues.

"There were occasions when I, a notorious and consistent believer in the freedom of the Press, would certainly consider a publication, in such circumstances and after the most careful consideration of the personal and public interests involved, may be justified. In my view this was not one of them.

Farmers get a guide to the Common Market

A 100-PAGE BOOKLET published by the National Farmers' Union during the "great debate" on whether Britain should join the Common Market, will rank as one of the most comprehensive yet concise works on the role of British agriculture in the EEC, according to the NFU.

Mr. Henry Plumb, president of the union, said: "Britain will shortly make one of the most important political decisions in history, and we have responded to the requests and needs of our members—manning perhaps the biggest single unit in our national economy—to provide them with a concise reference on the practical working of the EEC's agricultural policy and the general framework in which it operates.

Transitional period

"It is essential that, if the nation decides to enter a wider community, the agricultural industry should be in a position to appreciate the conditions during the transitional period and beyond. This publication will become the farmers' reference and guide to the future."

The booklet, Farmers' and Growers' Guide to the EEC, the second of a new series published by the union, discusses in detail the Community mechanisms for various commodities and, in order that commodity arrangements may be seen in perspective, notes on the general aims of the agricultural policy, how it is financed and how various commodity institutions function in the initiation of Community policies and in carrying them out.

The union's appraisal of the overall effects of EEC membership on the agricultural and horticultural industries in Britain has already been set out in its first publication in this series on the Common Market, *British Agriculture and the Common Market* (July, 1971), and is therefore not restated, but the latest publication gives some indication of the possible consequences for producers of particular commodities. There is a separate chapter on the transitional arrangements for agriculture and horticulture.

In an introduction the NFU says: "Price indications given for particular products have had to be based on the Common Agricultural Policy as it exists to-day. It must be emphasised that the situation might have changed radically by 1978.

"Of more immediate relevance is the possibility of imminent changes in exchange rates following the talks in the international monetary fund on the trade and minetary crisis following the Nixon measures to defend the U.S. dollar."

Go-ahead for Midlands power station

EW 300 MW gas turbine station is to be built be- the existing coal-fired n at Ocker Hill, near West wich. It will be the first power station of this kind Midlands.

John Davies, Secretary for and Industry, has given entral Electricity Generating oard the "go-ahead." There have been no public or official objections to the proposal, according to the staff newspaper for the CEGB in the Midlands.

No date has yet been fixed for the start of the construction work. The station is expected to be in full operation by the late 1970s.

Demand for electricity in the West Midlands is rising by 300 MW a year.

Sinn Fein to fight local and national elections

BY DOMINICK J. COYLE

DUBLIN, Oct. 24.

THE TWO-DAY conference of Sinn Fein (Kevin Street), the political wing of the IRA "Provisionals," concluded here to-night with a unanimous assertion that there could be no lasting solution to the Ulster crisis in a Northern Ireland context. What was wanted, according to the delegates, was a 32-county "democratic socialist republic."

The 400 delegates from both parts of Ireland and from Britain, included a number of leading "Provisionals" such as Mr. Joe Cahill, the Belfast IRA leader who was recently refused entry to the U.S. Mr. Ruairi O Bradaigh was unanimously re-elected president for a further year.

Decision reversed

One of the more significant decisions of conference was that the Sinn Fein movement intends to contest the 1972 local Government elections here, the next Irish general election and the next Westminster election. This, in effect, reverses the decision which caused a breach in the militant Republican movement early last year, but the "Provisional" wing is seemingly looking to the next election here as a contest for its own regional parliaments, now being established on a provincial basis. These would, of course, have no status within the present Irish constitution.

Meanwhile the Government here is expected to move an early supplementary estimate of up to £3m. to meet the cost of an expansion and modernisation programme for the Irish Army. This follows widespread criticism in the Dail (Parliament) that the Army is both undermanned and inadequately equipped to meet its changing role in national security, especially along the border area with Northern Ireland.

AUTOMOTIVE PRODUCTS' NEW COMPANY

Automotive Products has formed a new company—AP Transmission Development — based at its Leamington headquarters. It will be headed by Mr. Charles B. Grandfield and cover the long-range research and development of AP automatic transmissions.

Mr. John Walford, until recently director and general manager of Triumph Engineering at Meriden, will take over as general manager of AP's automatic gearbox division on November 8.

The move closely follows the announcement of a £7m. order from Alfa Romeo for AP automatic transmissions.

More marketing teachers needed says NEDO report

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

A CALL for at least £100,000 over the next five years to train and develop teachers of marketing, is made in a report published to-day by the National Economic Development Office.

The marketing sub-committee of NEDO, which produced the report, says there is a serious shortage of teachers of the subject.

To deal with the problem in the shorter term, the sub-committee suggests that teaching institutions, especially in the further education system, should consider recruiting experienced marketing workers from industry and commerce on limited-period contracts.

The report argues that a marketing practitioner in his early 30s could advance his own career by spending three years in teaching, as well as make a significant contribution to marketing education.

The sub-committee also suggests that industrial training Boards could help to improve marketing education by concentrating on four key tasks:

1.—Examining their industries' needs for individuals with basic and specialist marketing skills.

2.—Providing companies with advice on the training and development of staff in the marketing field.

3.—Co-operating with teaching institutions in the development of teaching resources fitted to meeting industry's training and educational needs in marketing.

4.—Ensuring that an appreciation of marketing factors is integrated with more general managerial training and development.

Among the other proposals made in the report is one for a degree-level professional qualification in marketing. This, the sub-committee says, "should be open to people who have had significant practical experience and should be common to all the main professional bodies in the field."

Tanker safety talks to-day

BY JAMES McDONALD, SHIPPING CORRESPONDENT

NEARLY 300 representatives from tanker-owning companies from 21 countries will meet in Brighton to-day for a three-day conference on tanker safety sponsored by the International Chamber of Shipping.

There have been significant developments affecting tanker owners since the first conference of this kind was held in 1967—including governmental attitudes towards large tankers and possible pollution —and the owners feel it is timely to review their experience of the nature of the cargoes being carried and of the safety measures for the types of ship now in service.

The scope of the conference will be wide but with the emphasis on safety. Papers will be delivered covering: navigation; tank cleaning; training; fire prevention; damage control; and the safety aspects of the growing numbers of liquid gas and chemical carrying vessels.

"The conference's prime concern will be to deal with the operational safety of the ship and with prevention rather than cure," said a spokesman for the International Chamber of Shipping last night.

"It will not, therefore, try to deal with such questions as pollution, salvage and liability. These different issues are, as is known, receiving considerable attention and much work is being done on them."

Mr. John Kirby, president of the U.K. Chamber of Shipping and chairman of Shell Tankers (U.K.), will preside over the conference which is being held in private.

A copy of this Offer for Sale, having attached to it the documents specified below has been delivered to the Registrar of Companies for registration.

Application has been made to the Council of The Stock Exchange, London, for permission to deal in and for quotation for the whole of the issued share capital of the Company.

The Application List for the Ordinary Shares now offered for sale will open at 10 a.m. on Thursday, 28th October, 1971, and will close on the same day.

M P KENT LIMITED

KENT
LIVING DESIGN
DEVELOPMENTS

SHARE CAPITAL

Authorised		*Issued and to be issued fully paid*
£750,000	in 7,500,000 Ordinary Shares of 10p each	£412,500

At the close of business on 1st October, 1971 M. P. Kent Limited ("the Company") and its subsidiaries had secured bank overdrafts and borrowings amounting to £1,071,728, and unsecured bank overdrafts and borrowings amounting to £48,473. The Company and its subsidiaries ("the Group") also had outstanding hire purchase commitments of £19,048. Save as aforesaid, or as mentioned herein, and apart from inter-company borrowings and guarantees, neither the Company nor any of its subsidiaries has any debentures, mortgages, charges, loan capital, hire purchase commitments, leasing arrangements, bank overdrafts, guarantees or other contingent liabilities outstanding.

DIRECTORS
Michael Percival Kent,
(Chairman & Managing Director),
Court Essington, Midford, Nr. Bath, Somerset, BA2 7BX.
Gerald Arthur William Jiggins, A.C.A., A.T.I.I.,
(Financial Director and Secretary),
Picssasco, High Street, Bathampton, Bath, Somerset, BA2 6SY.
Jeffery Harry Popham, A.I.O.B.,
(Commercial and Industrial Developments Director),
75 Englishcombe Lane, Bath, Somerset, BA2 2EH.
Barry Adrian Redfearn, L.I.O.B.,
(Housing Developments Director),
8 Canons Close, Kingsway, Bath, Somerset, BA2 2LN.

BROKERS
Sandelson & Co. Limited,
85 London Wall, London, EC2M 7AE,
and The Stock Exchange, London.

BANKERS
To the Company:
National Westminster Bank Limited,
39 Milsom Street, Bath, BA1 1DS,
Lombard North Central Limited,
Lombard House, Curzon Street, Park Lane, London, W1A 1EU,
Duboff Brothers Limited,
72 Welbeck Street, London, W1M 7HA.
To the Offer:
National Westminster Bank Limited,
New Issues Department, P.O. Box 79, Drapers Gardens,
12 Throgmorton Avenue, London, EC2P 2BD.

SOLICITORS
D. J. Freeman & Co.,
9 Cavendish Square, London, W1M 9DD.

AUDITORS AND JOINT REPORTING ACCOUNTANTS
Sherwood, Cohen, Fine & Co.,
(Chartered Accountants),
13-15 Portland Place, London, W1N 4DQ.

JOINT REPORTING ACCOUNTANTS
Peat, Marwick, Mitchell & Co.,
(Chartered Accountants),
11 Ironmonger Lane, London, EC2P 2AR.

SECRETARY AND REGISTERED OFFICE
Gerald Arthur William Jiggins, A.C.A., A.T.I.I.,
The Towers, St. Stephen's Road, Beacon Hill, Bath, BA1 5JZ.

REGISTRARS AND TRANSFER OFFICE
National Westminster Bank Limited,
Registrars' Department, 326 High Holborn, London, WC1V 7QA.

SANDELSON & CO LTD — OFFER FOR SALE

1,500,000 Ordinary Shares of 10p each at 47p per share, payable in full on application

Application must be made on the Forms of Application provided and, with the exception of employees' applications (which are referred to below), must be for a minimum of 200 shares and in the following multiples:—

for not more than 1,000 shares, in multiples of 200 shares;
for more than 1,000 shares but not more than 10,000 shares, in multiples of 500 shares;
for more than 10,000 shares, in multiples of 5,000 shares.

All applications must be accompanied by a remittance for the full amount payable and *must be forwarded to National Westminster Bank Limited, New Issues Department,* P.O. Box 79, Drapers Gardens, 12 Throgmorton Avenue, London EC2P 2BD so as to arrive not later than 10 a.m. on Thursday, 28th October, 1971.

A separate cheque drawn on a bank or branch thereof situated in England, Wales or Scotland and made payable therein to National Westminster Bank Limited and crossed "Not Negotiable", must accompany each *application. Sandelson & Co. Limited reserves the right to present all cheques for* payment on receipt to retain Letters of Acceptance and surplus application moneys pending the clearance of all cheques and to reject any application and, in particular, multiple and suspected multiple applications.

Acceptance of all applications will be conditional upon the Council of The Stock Exchange, London, granting on or before 29th October, 1971 permission to deal in and quotation for the whole of the issued share capital of the Company. Moneys paid in respect of all applications will be returned if such permission and quotation are not granted by that date and, in the meantime, will be retained by National Westminster Bank Limited in a separate account.

If any application is not accepted, or is accepted for fewer shares than the number applied for, the application moneys or the *balance thereof, as the case may be, will be returned* by cheque through the post at the applicant's risk.

Preferential consideration will be given to applications, which must be for multiples of 50 shares and made on the special pink Forms of Application provided, and received from employees (including executive Directors other than the Vendors) of the Company and of its subsidiaries for up to a total of 150,000 Ordinary Shares. Letters of Acceptance will be renounceable up to 3 p.m. on 2nd December, 1971. The Ordinary Shares now being offered for sale will be registered, free of stamp duty, *in the names of the purchasers or of persons in whose favour Letters of Acceptance, duly com*pleted in accordance with the instructions printed on them, are lodged for registration by 3 p.m. on 2nd December, 1971. Share certificates will be issued on 5th January, 1972. The Ordinary Shares now being offered for sale rank for all dividends hereafter declared on the Ordinary Share Capital of the Company.

Copies of this Offer and Application Form can be obtained from:—
Sandelson & Co. Limited, 85 London Wall, London, EC2M 7AE.
National Westminster Bank Limited,
New Issues Department, Drapers Gardens, 12 Throgmorton Avenue, ***London, EC2P 2BD.***
Duboff Brothers Limited, 72 Welbeck Street, London, W1M 7HA.

and from the following branches of National Westminster Bank Limited:—
41 Lothbury, London, EC2P 2BP. — **332 High Holborn, London, WC1.**
1 St. James's Square, London, SW1Y 4JT. — **39 Milsom Street, Bath, BA1 1DS.**
32 Corn Street, Bristol, BS99 7UG. — **St. Andrew's Cross, Plymouth, PL4 0AE.**
8 The Strand, Torquay, TQ1 2AF. — **117 St. Mary Street, Cardiff, CF1 1LG.**
65 High Street, Exeter, EX4 3DR.

The following is a copy of a letter dated 22nd October, 1971 received by the Directors of Sandelson & Co. Limited from Mr. M. P. Kent, the Chairman and *Managing Director of the Company:—*

The Directors,
Sandelson & Co. Limited,
85 London Wall, London, EC2M 7AE. — *22nd October, 1971*

Gentlemen,

In connection with your Offer for Sale of 1,500,000 Ordinary Shares of 10p each of M. P. Kent Limited ("the Company"), I have pleasure in giving you the following information relating to the Company and its subsidiaries ("the Group"):—

History and Business

The Company was incorporated on 18th June, 1959 to acquire the business of housing estate development in and near Brixham, Devon, which I established in July, 1958. Until 1963, the Company continued this type of work in the Brixham area, and undertook a small amount of contracting. The Company moved its head office to Bath in 1963, and its first commercial *development (a supermarket and parade of shops), was completed and let in* the following year. Thereafter, the Company increasingly concentrated on management and design skills, sub-contracting more of the construction work at fixed prices for labour and materials. This policy increased profitability by eliminating many of the problems of employing a large direct labour force, whilst avoiding the inflexibility of employing main contractors.

The Company's residential estate development business in the South West continued to grow, and from 1965, commercial and industrial developments, *which carry a higher gross margin, assumed more importance to the Group's* business as a whole.

The Group is now engaged in housing, commercial and industrial developments in the South West and housing in the Home Counties, sub-contracting all construction work and concentrating exclusively on management expertise. The scale of the residential developments ranges from those containing a small number of individually designed houses, to large estates of standard house designs. Individual house prices range from £4,450 in Devon, to £40,000 in London; in the year ended 30th June, 1971, 90 per cent. of the Group's houses were sold at prices under £7,000. Generally the selling of houses is dealt with by independent estate agents, in conjunction with our *own sales co-ordinator supported by sales personnel on site. In certain areas* the Group reserves perpetual rent charges on properties sold. Commercial and industrial developments are leased, and the Group's interest is then sold to generate maximum cash flow.

The following table shows the relative contribution to turnover in each of the last three years from commercial and industrial developments and from housing.

Years ended 30th June	Commercial and Industrial Developments £	Housing £	Housing Units	Total £
1969	398,973	789,515	162	1,188,488
1970	60,022	1,500,390	357	1,560,412
1971	206,256	1,692,900	299	1,899,156

To ensure an adequate supply of suitable sites for developments, the Group has built up close *connections with estate agents and others, and has* accumulated a valuable land stock.

The Directors are provided monthly with cost and valuation comparisons to assist them in estimating profitability. In the Directors' view, much of the Group's success has been due to the evolution of its financial control system. These factors, together with good design and increasing turnover, were responsible for the considerable growth in profits for the year ended 30th June, 1971.

Until now the Group has not sought progress payments from purchasers of commercial and industrial developments and the accounting practice has therefore been not to take credit for the sale of an individual property until *contracts have been exchanged with the purchaser and, in the case of housing* developments, construction has reached the stage where the property has been "plastered out", or in the case of commercial and industrial developments construction has been *substantially completed. To improve cash flow,* the Group proposes in future, where appropriate, to obtain progress payments in advance of substantial completion of commercial and industrial developments. In such cases it is intended to include in turnover, progress payments when received and to take credit for 90 per cent. of the estimated accrued profit included in the cash received. As explained in the Accountants' Report, additions for overhead expenses are made to the cost of development land and building work in progress at each accounting date.

The Company became a public company on 22nd October, 1971, and has two specialist wholly-owned subsidiaries, both of which utilise the techniques evolved by the Company, and in the year ended 30th June, 1971, accounted for slightly less than 10 per cent. of the Group turnover:—

1. Concept Homes Limited ("Concept") which specialises in the construction of higher priced individual houses and conversions, outside *the normal scope of the Company.*
2. Target Construction Company Limited ("Target") which constructs non-standard housing developments.

Property held for development

At 1st October, 1971, the Group held 9 freehold sites, mainly in Bristol, for commercial and industrial developments (planned for a gross floor area of approximately 272,000 sq. ft.), of which 5 sites (planned for a gross area of 157,000 *sq. ft.) are currently under construction or commencing shortly.*

At 1st October, 1971, the Group held freehold sites in Bath, Beckenham, Bristol, Hampstead, Highgate, Newton Abbot, Paignton and Plymouth for *residential developments for a total of 1,107 units. Of these, 377 units are now* under construction and the Group has detailed planning approval for a further 523 units and outline approval for the remaining 207 units.

Management and Staff

I am the Chairman and Managing Director of the Company. I am 36, and founded the business 13 years ago after a period in civil engineering. I control the policy on land buying, and set up the initial design and cost briefs of each *project.*

Mr. G. A. W. Jiggins (aged 33), the Financial Director and Company Secretary, and a Chartered Accountant, joined the Company in 1961. He supervises the *Group's financial affairs, and assists me in the general manage*ment of the business.

Mr. J. H. Popham (aged 35), the Director in charge of commercial and industrial developments, joined the Company 8 years ago. He co-ordinates developments from sketch scheme to construction.

Mr. B. A. Redfearn (aged 30) is the Director responsible for the execution, particularly the construction and programming of housing developments. He joined the Company 6 years ago.

Mr. M. J. Miller (aged 38) has been *Managing Director of Concept* since 1967, having joined the Company as Sales Manager 8 years ago.

Mr. J. T. Leigh (aged 36) the Managing Director of Target has been with the Group for 10 years, and was previously associated with me in civil engineering.

Each of the Directors of the Company has a Service Agreement with the Company, and Mr. Miller and Mr. Leigh each have Service Agreements with the subsidiaries they manage. Details of these Agreements are set out in paragraph 6 under the heading "Statutory and General Information" below. The Company has taken out life cover on myself and Mr. Jiggins for £250,000 each, for a ten year term.

The Directors of the Company and of the subsidiaries are supported by an able team of senior executives, architects, surveyors, buyers, site managers, *and other experienced staff. The Group has 82 employees. Relations with* staff are excellent.

On 22nd October, 1971 the Company established a Share Incentive Scheme for selected Executive Directors and *senior Management of the Group other* than myself and Mr. Jiggins. Under this Scheme, Ordinary Shares of the Company will be offered to participants at middle market price of the Company's Shares on the day previous to offer. Participants will subscribe 3p per *share upon allotment, the balance being payable on call not more than 5* years later. The maximum number of Ordinary Shares which may be allotted under the Scheme is 180,000. Scheme Shares do not carry any voting, dividend or transfer rights until they are fully paid. *Details of the Scheme may* be inspected as mentioned in paragraph 9 under the heading "Statutory and General Information" below.

Premises

Premises owned and occupied by the Group are as follows:—

1. Freehold Head Office at The Towers, St. Stephen's Road, Beacon Hill, Bath, with a site area of approximately 5.3 acres of gardens, and a gross floor area of 5,900 square feet.
2. Freehold office, 18/19 Monmouth Place, Bath, at present owned and *occupied by Target. The site has a gross area of approximately 3,700* square feet, and a total floor and covered storage area of 4,000 square feet.
3. *Leasehold office premises, 5 Bladud Buildings,* Bath at present leased and occupied by Concept. The premises have a gross area of 560 square feet and are held under a lease for a term of 5 years from 1st July, 1967 at an annual exclusive rent of £175. The annual exclusive rent for the renewal period of 5 years from 1st July, 1972 has been agreed with the *Landlord at £260.*

Working Capital

The Directors consider that, having regard to the banking facilities of £1,800,000 presently available and the proceeds from the issue of new shares expected to amount to £200,000 (after allowing for expenses in connection with this Offer for Sale) and which will be utilised for the general purposes of the Company, the Group has adequate working capital for its current requirements.

Profits, Prospects and Dividends

As will be seen from the Accountants' Report, the combined profits of the Group have risen each year since 1966. The Group is enjoying very satisfactory trading conditions, and the present stock of housing and commercial and industrial land is sufficient to maintain the level of turnover projected for 1971/72 for three years from 1st July, 1971 without further acquisitions.

In preparing their forecast of profits for the current year to 30th June, 1972, arrived at on the basis explained in the penultimate paragraph of the "History and Business section", the Directors have had regard, in the case of housing *developments only, to those housing developments, where detailed planning* approval has been obtained and construction commenced. The forecast includes 361 housing units which are expected to account for approximately two-thirds of the gross profit, and 69,100 sq. ft. gross of commercial and industrial developments currently under construction for which agreement has been reached for the letting of 93%. Arrangements are in hand for the disposal of these commercial and industrial developments. Subject to the foregoing comments the Directors estimate that, in the absence of unforeseen circumstances, the net profits of the Company and its subsidiaries for the year to 30th June, 1972 will be not less than £310,000 before taxation.

If such profits are achieved the Board expect to recommend gross dividends *totalling 28 per cent. for the current year on the issued share capital of* £412,500 payable as to 12 per cent. as an interim dividend in May 1972 and as to the balance of 16 per cent. as a final dividend in November 1972. On this basis profits of *£310,000* would be appropriated as follows:

	£
Estimated Group profits before taxation	310,000
Less Corporation Tax at 40 per cent.	124,000
	186,000
Ordinary dividends totalling 28 per cent. gross	115,500
Profits retained in the business	£70,500

At the offer price of 47p per share the ordinary shares would show a dividend yield of 5.96 per cent. covered 1.61 times by earnings of 4.51p per share, and the price/earnings ratio would be 10.42.

Yours faithfully,
M. P. KENT,
Chairman and Managing Director.

ACCOUNTANTS' REPORT

The following is a copy of the joint report by Sherwood, Cohen, Fine & Co., the auditors of the Company, and Peat, Marwick, Mitchell & Co.:—

22nd October, 1971.

The Directors,
M. P. KENT LIMITED and
SANDELSON & CO. LIMITED

Gentlemen,

We have examined for the periods relevant to this Report the audited accounts of M. P. Kent Limited ("the Company") and its two wholly owned subsidiary companies. The *Company and its subsidiaries are collectively referred to as "the Group".*

1. Profits

The combined profits of the Group for the ten years ended 30th June, 1971, arrived at on the basis stated below, were as follows:—

Years ended 30th June (1)	*Combined profits before depreciation and taxation* (2) £	*Depreciation* (3) £	*Combined profits before taxation* (4) £
1962	8,963	1,147	7,816
1963	8,555	1,756	6,799
1964	49,883	3,590	46,293
1965	59,511	5,047	54,464
1966	50,247	7,733	42,514
1967	61,825	7,261	54,564
1968	87,798	9,239	78,559
1969	109,040	10,872	98,168
1970	135,717	8,242	127,475
1971	214,689	11,512	203,177

NOTES:—

(1) The combined profits before taxation set out in column (4) above are stated before providing taxation, but after charging all working expenses including directors' emoluments, depreciation and interest on borrowed monies, and after making such adjustments as we consider appropriate. The aggregate emoluments of the Directors of the Company for the year ended 30th June, 1971, amounted to £22,500. Under the arrangements now in force they would have amounted to £23,500.

(2) No depreciation has been provided on freehold land and buildings. Depreciation on other fixed assets has been calculated at the following annual rates on the straight line basis: plant and machinery and motor vehicles—25 per cent. and office furniture and equipment—15 per cent.

(3) In the case of housing developments the Group's accounting practice has been to take credit for the sale of an individual property provided contracts have been exchanged with the purchaser and construction has reached the stage where the property has been 'plastered out'. In the case of commercial and industrial developments it has not in the past been the Group's practice to obtain progress payments from purchasers in advance of substantial completion; during the period covered by this report no such progress payments were received and accordingly credit has been taken for profits on such developments in full on substantial completion. As explained in the Chairman's letter, it is proposed in future, where appropriate, to obtain progress payments in advance of substantial completion of commercial and industrial developments and in such cases to take credit for 90 per cent. of the estimated accrued profit included in the cash received.

(4) Owing to the lack of historical records of the physical state of the buildings on certain sites Peat, Marwick, Mitchell & Co. have been unable to satisfy themselves that profits have been taken strictly on the basis referred to in note (3) at each accounting date prior to 30th June, 1968. Sherwood, Cohen, Fine & Partners, accountants, who are associated with Sherwood, Cohen, Fine & Co. and were auditors to each of the companies for all periods up to 30th June, *1970 have, however,* confirmed that this basis has been followed consistently.

(5) Turnover for the latest three years (excluding inter-company sales) arrived at on the basis set out in note (3) above was for the years ended 30th June: 1969—£1,188,488; 1970—£1,560,412; 1971—£1,899,156.

II Net Tangible Assets

The following is a statement of the net tangible assets of the Company and of the combined net tangible assets of the Group based on the audited balance sheets at 30th June, 1971, adjusted as explained in note (1) and to take account of the proposed issue of new shares of 10p each of the Company and for the estimated expenses of the Offer for Sale:—

THE COMPANY £	THE COMPANY Depreciation £	THE COMPANY Cost or Valuation £		THE GROUP Cost or Valuation £	THE GROUP Depreciation £	THE GROUP £
			Fixed Assets:			
48,400	—	48,400	*Freehold land and buildings at valuation (note 1)*	49,150	—	49,150
10,887	18,850	29,737	Plant and machinery, at cost	31,847	20,588	11,259
11,483	7,072	18,585	*Motor vehicles, at cost*	22,011	8,234	13,777
4,878	5,813	10,692	Office furniture and equipment, at cost	12,000	6,444	5,556
67,659	£31,735	£99,394		£115,008	£35,266	79,742
			Deduct:			
11,937			Outstanding instalments payable under hire purchase agreements			12,995
55,722						66,747
71,410			Ground rents and rent charges (note 2)			75,978
			Subsidiary Companies:			
15,100			Shares at cost			—
142,232						142,725
			Current Assets:			
		1,251,171	Development land (note 3)	1,312,871		
		321,270	Building work in progress (note 4)	363,448		
		423,100	*Debtors and prepayments*	480,945		
		135	Cash in hand	167		
	1,995,676				2,157,231	
			Deduct:			
			Current Liabilities:			
		538,475	Outstanding land completions (note 5)	542,648		
		257,341	Trade creditors and accruals	313,323		
		68,778	Taxation	79,589		
		12,000	Proposed dividend (since paid)	12,000		
		829,147	Bank overdrafts (secured)	868,167		
	1,705,741				1,815,719	
289,935			**Net Current Assets**			341,512
432,167						484,237
			Deduct:			
49,000			Corporation tax payable 1st January, 1973			80,300
383,167			**Net Tangible Assets at 30th June, 1971**			403,937
			Add:			
	246,750		*Proceeds of proposed issue of* 525,000 shares of 10p each		246,750	
			Deduct:			
	45,000		*Estimated expenses of Offer for Sale*		45,000	
201,750						201,750
£584,917						£605,687

NOTES:—

(1) The freehold land and buildings are stated at a professional valuation by Messrs. Donald Cottage & Co., Chartered Surveyors, based on open market value as at 30th June, 1971. No provision has been made for corporation tax on chargeable gains *which might arise on the disposal of the properties at the amount included in such* valuation; it is estimated that, at current rates of taxation, this would not exceed £5,000.

(2) Ground rents and rent charges are included at 10 years' purchase.

(3) *Development land includes land currently being developed and is stated at site* cost plus interest incurred during ownership not exceeding a total of 10 per cent. of site cost; the amounts include land at site cost (the Company £577,875, the Group £582,495) in respect of which contracts for acquisition had been exchanged but not completed at 30th June, 1971.

(4) Building work in progress is stated at the lower of direct cost of building work (including an appropriate addition for administrative expenses) and net realisable value.

(5) Outstanding land completions represent the unpaid balance of the consideration monies for the purchases of land on which contracts had been exchanged but not *completed at 30th June, 1971.*

(6) At 30th June, 1971 there were no commitments either contracted for or sanctioned by the Board for capital expenditure.

(7) *The Company has guaranteed subsidiaries' bank overdraft facilities up to a* maximum of £100,000.

III. Dividends

The following dividends on the Ordinary Share Capital have been paid by the Company in respect of the five years ended 30th June, 1971:—

Years ended 30th June	*Issued capital* £	*Rate of dividend* %	*Gross dividend* £
1967	45,000	7	3,150
1968	45,000	7	3,150
1969	120,000	5	6,000
1970	180,000	5	9,000
1971	240,000	5	12,000

IV. Accounts

No audited accounts have been made up for any period subsequent to 30th June, 1971 in respect of the Company or either of its subsidiaries.

Yours faithfully,
SHERWOOD, COHEN, FINE & CO.
PEAT, MARWICK, MITCHELL & CO.
Chartered Accountants

STATUTORY AND GENERAL INFORMATION

1. The Company

The Company was incorporated in England on 18th June, 1959. Immediately prior to 1st October, 1969 the Company had an authorised share capital of £120,000 divided *into 120,000 Ordinary Shares of £1 each, all of which had been issued and were fully* paid. On 7th February, 1970 the Company increased its authorised share capital to £180,000 by the creation of 60,000 new Ordinary Shares of £1 each, all of which were *allotted credited as fully paid, to existing shareholders by way of capitalisation of* reserves. On 1st May, 1971 the Company increased its authorised share capital to £240,000 by the creation of 60,000 new Ordinary Shares of £1 each all of which were allotted, credited as fully paid, to existing shareholders by way of *capitalisation of* reserves. On 22nd October, 1971 the Company:—

(i) increased its authorised share capital to £750,000 by the creation of 510,000 new Ordinary Shares of £1 each;

(ii) subdivided each issued and unissued Ordinary Share of £1 into 10 Ordinary Shares of 10p each;

(iii) agreed to issue 525,000 Ordinary Shares *of 10p each to and provisionally* allotted to Sandelson & Co. Limited subject to the Council of The Stock Exchange, London granting on or before 29th October, 1971, permission to deal in and quotation for the 4,125,000 Ordinary Shares of 10p each of *the Company* issued and to be issued;

(iv) allotted, credited as fully paid, 1,200,000 new Ordinary Shares to existing shareholders other than Sandelson & Co. Limited by way of capitalisation of *reserves,* conditionally upon (a) the Council of The Stock Exchange, London, granting on or before 29th October, 1971 permission to deal in and quotation for the 4,125,000 Ordinary Shares of 10p each of the Company issued and to be *issued,* and (b) the subsequent taking effect of the allotment referred to in paragraph (iii) above;

(v) altered the provisions of its Memorandum of Association with *regard to its* objects;

(vi) was converted into a public company and adopted new Articles of Association.

2. Subsidiaries

Particulars of the Company's subsidiaries, both of which are wholly owned private companies incorporated in England, are as follows:—

Name	*Date of Incorporation*	*Issued Share Capital*
Target Construction Company Limited	22nd August, 1961	£15,000 divided into 15,000 Ordinary Shares of £1 each.
Concept Homes Limited	15th December, 1960	£100 divided into 100 Ordinary Shares of £1 each.

Save as aforesaid no shares of the Company or its subsidiaries have been issued *within the two years immediately preceding the publication of this Offer for Sale.*

3. Issue Arrangements

Under Contract No. (1) below Sandelson & Co. Limited ("Sandelsons") have agreed, subject to permission to deal in and quotation for the Ordinary Shares *of* the Company issued and to be issued being granted by the Council of The Stock Exchange, London, on or before 29th October, 1971 (a) to subscribe for 525,000 new Ordinary Shares of 10p each of the Company at a subscription price of 47p per share (b) to purchase from Mr. M. P. Kent, Mrs. A. M. M. Kent, Mr. P. A. Kent and Mr. G. A. W. Jiggins ("the Vendors") a total of 975,000 Ordinary Shares of 10p each at the price of 47p per share, and (c) to offer 1,500,000 Ordinary Shares of 10p each of the Company for sale to the public. *Under this contract the Company will pay a fee of £18,500 to Sandelsons* and will also pay the costs, charges and expenses of and incidental to the adoption of new Articles of Association and the application to The Stock Exchange, London, for permission to deal in *and for quotation for the 4,125,000 issued Ordinary Shares of the* Company, including all capital duty, printing and advertising expenses, accountancy and the Registrars' and Receiving Bankers' fees and expenses and Stock Exchange fees *and the Company's legal costs. Sandelsons will pay an underwriting commission* of 1¼ per cent. on the shares now offered for sale, and its own legal costs. The total expenses payable by the Company, including the fee payable to Sandelsons, are *estimated to amount* to £45,000.

4. Articles of Association

The Articles of Association of the Company contain provisions (inter alia) to the following effect:—

(a) VOTING RIGHTS

Subject to any special terms as to voting upon which any shares may be issued or held on a show of hands at a general meeting every member who (being an individual) is present in person or (being a corporation) is present by a representative duly authorised *under Section 139 of the Companies Act, 1948,* shall have one vote and on a poll every member who is present in person or by proxy shall have one vote for every 10p in nominal amount of share capital of which he is the holder.

(b) BORROWING POWERS

The Board shall restrict the borrowings of the Company and exercise all voting and other rights or powers of control exercisable by the Company in relation to its subsidiaries *with a view to ensuring that the aggregate amount outstanding of moneys* borrowed or secured by the Company and/or any of its subsidiaries (excluding all inter-company borrowings) shall not at any time without the previous sanction of an *ordinary resolution of the Company exceed an amount equal to seven times the share* capital and reserves. For this purpose (a) "share capital and reserves" means an amount equal to the aggregate of the amount for the time being paid up on the issued share capital of the Company and the total of the amounts for the time being standing to the credit of the capital and revenue reserves (including any share premium account, capital redemption reserve fund and profit and loss account) all as shown in the latest audited balance sheet, but adjusted to reflect any variations since the date of such balance sheet in the amount of such paid up share capital or the amounts standing to the credit of capital reserves (including share premium account and capital redemption reserve fund) and excluding any sums set aside for taxation and deducting amounts attributable to goodwill or other intangible assets and any debit balance on profit and loss account and (b) "audited balance sheet" means the audited balance sheet of the Company, unless at the date of the latest such balance sheet there shall have been made up and audited a consolidated balance sheet of the Company and its subsidiaries, in which event "audited balance sheet" shall mean the audited consolidated balance sheet of the Company and its subsidiaries and the references to reserves and profit and loss account shall be deemed to be references to consolidated reserves and consolidated profit and loss account respectively and there shall be excluded any sums attributable to minority interests in subsidiaries.

(c) DIRECTORS

A Director shall not be required to hold qualification shares. A Director, notwithstanding his interest, may be counted in the quorum present at a Board Meeting for the purpose of considering the appointment of himself or any other Director to hold any office or place of profit under the Company or arranging the terms of any such appointment or the arrangement of the terms thereof and in connection with any exercise of the powers conferred on the Board with regard to pensions and other benefits and allowances on retirement or death for Directors and their dependants.

(d) The provisions contained in Section 185 of the Companies Act, 1948 relating to retirement and election of Directors apply to the Company.

5. Directors and other Substantial Interests

The interests of the Directors including their family and other interests (as defined for the purposes of the regulations of The Stock Exchange, London) in the issued share capital of the Company, together with other substantial interests after giving effect to *the sales referred to below, are as shown below:—*

	No. of Shares Beneficial holdings
Directors	
M. P. KENT	1,804,400
G. A. W. JIGGINS	195,000
Substantial Shareholders	
Mrs. J. E. KENT	300,000
Mr. P. A. KENT	250,000
Mrs. A. M. M. KENT	75,600

6. Material Contracts

The following Contracts *have been entered into by the Company and/or its subsidiaries* during the two years preceding the date of this Offer for Sale otherwise than in the ordinary course of business and are or may be material:

(1) Dated 22nd October, 1971 between M. P. Kent, A. M. M. Kent, *P. A. Kent* and G. A. W. Jiggins (1) the Company (2) the Directors of the Company (3) and Sandelsons (4) being the Agreement referred to under the heading "Issue Arrangements".

(2) *Dated* 22nd October, 1971 between the Company (1) and M. P. Kent (2) under which Mr. Kent has agreed to serve the Company as Chairman and Managing Director for a term of 7 years at an annual salary of £8,500.

(3) *Dated 22nd October,* 1971 between the Company (1) and G. A. W. *Jiggins* (2) under which Mr. Jiggins has agreed to serve the Company as Financial Director for a term of 6 years at an annual salary of £7,000.

(4) *Dated 22nd October, 1971 between the Company (1) and J. H. Popham (2)* under which Mr. Popham has agreed to serve the Company as Commercial and Industrial Developments Director for a term of 3 years at an annual salary of £4,000.

(5) Dated 22nd October, 1971 between the Company (1) and B. A. Redfearn (2) under which Mr. Redfearn has agreed to serve the Company as Housing Developments Director for a term of 3 years at an annual salary of £4,000.

(6) Dated 22nd October, 1971 between Concept (1) and M. J. Miller (2) under which *Mr. Miller* has agreed to serve Concept as Managing Director for a term of 3 years at an annual salary of £3,000 together with annual commission at the rate of 10 per cent. of the annual net pre-tax profits of Concept (maximum commission £7,500).

(7) Dated 22nd October, 1971 between Target (1) and J. T. Leigh (2) under which Mr. Leigh has agreed to serve Target as Managing Director for a term of 3 years at an annual salary *of £3,000 together with annual commission at the rate of 10 per* cent. of the annual net pre-tax profits of Target (maximum commission £7,500).

7. Taxation

The Directors are advised that, following the Offer for Sale and the granting of quotation for the issued shares of the Company, it is unlikely that the Company will be a close company as defined in the Income and Corporation Taxes Act, 1970.

The Company and its subsidiaries from the respective dates of commencement of trade or acquisition, have obtained shortfall clearances under the Income and Corporation Taxes Act 1970 for all relevant periods to 30th June, 1971, and surtax clearances in respect of *earlier periods.* Appropriate indemnities have been given to the Company in respect of surtax, income tax and estate duty.

8. Miscellaneous

It is not the intention of the Directors to issue any of the unissued capital of the Company so as to change the control of the Company without the prior approval of shareholders in General Meeting.

Except as otherwise disclosed herein:

(1) No share or loan capital of the Company or any of its subsidiaries has been issued within the two years *immediately preceding the date hereof for cash or other*wise;

(2) No unissued share or loan capital of the Company or any of its subsidiaries is under option or agreed to be put under option or proposed to be issued for cash or otherwise;

(3) No commissions, discounts, brokerages or other special terms have been granted by the Company within the two years immediately preceding the date hereof in connection with the issue or *sale of any capital of the Company;*

(4) No Director has or had within the two years immediately preceding the date hereof any interest direct or indirect in any asset acquired or disposed of by or leased to the Company or proposed to be so *acquired disposed of or leased;*

(5) No contracts of service are in force which cannot be terminated by six months' notice or less;

(6) As far as the Directors are aware, the *Company has no litigation or claim of* material importance pending or threatened against it.

9. Consents and Documents for Inspection

Sherwood, Cohen, Fine & Co. and Peat, Marwick, Mitchell & Co. have given and have not withdrawn their respective written consents to the issue of this Offer for Sale including their report set out in the form and context in which it appears. Sherwood, Cohen, Fine & Partners have given and have not withdrawn their written consent to the publication of this Offer for Sale with the reference to their confirmation in the Accountants' Report in the form and context in which it is included. Donald Cottage & *Co. have given* and have not withdrawn their written consent to the publication of this Offer for Sale with the reference to their valuation in the Accountants' Report in the form and context in which it is included.

(حالة من الأصل)

Car repair charges may go up soon

By Elsbeth Ganguin

THE Motor Agents Association has asked its 20,000 members urgently to review their charges. There was a need for the trade, in particular the small concern to adopt a realistic approach to costing, it stated.

The first charges to go up are thought to be those for breakdown services. This may involve a 30 per cent. increase over the scale which has been operative since 1969. The new rates would apply from November 1, but, it is felt, they would have to be revised again.

This move by the Association was forecast by the Financial Times in August, when it was said that many garages were expected to raise repair and service charges following an increase of 8½ per cent. in basic pay rates from the beginning of September. This pay rise involved 350,000 workers in the motor vehicle retail and repairing trades.

The basic weekly rate for skilled men went up by £1.50 to £20, while the semi-skilled and unskilled men got £1.25 more, bringing their wages up to £17.25 and £15.75 respectively. These increases were being paid under the final stage of a three-year deal.

COMPAIR SALES LINK IN ITALY

The CompAir Industrial Division of International Compressed Air Corporation has signed, through Broom and Wade, an agreement with Ceccato and C.S.p.A. for the sale and servicing of Broomwade and Reavell equipment throughout Italy.

Under the agreement, Ceccato will continue to manufacture and market its own garage equipment and compressors and will extend its range by marketing Broom-Wade stationary air compressors and Reavell industrial compressors.

Rhodesia aims for early U.K. summit

BY OUR OWN CORRESPONDENT

SALISBURY, Oct. 24.

BRITISH and Rhodesian talks officials took the day off to-day and discussions are expected to resume to-morrow. So far, the officials have held three sessions lasting a total of nine hours Although neither side will comment on the discussions, the impression is gaining ground in some circles that the Rhodesians are holding out for an early summit with Sir Alec Douglas-Home without first meeting Sir Alec's demand that the agreement be virtually cut and dried before he commits himself.

The background to the talks remains as inauspicious as ever. At the week-end, the Rhodesian Government confirmed plans to resettle some 3,500 Africans currently living at Epworth Mission near Salisbury. This is in line with Government policy that in European areas the rights of occupation of African tenants would be terminated as soon as possible. The resettlement is being opposed by the Methodist Church which operates Epworth Mission. Furthermore, the resettlement would seem to be in clear conflict with Britain's fourth principle for an agreement, namely progressive elimination of race discrimination.

Also at the week-end, the chairman of the ruling Rhodesian Front, Mr. Des Frost warned in an interview that unless the Government speeded up its programme of providing separate racial facilities for the different races, racial friction would increase.

Mr. Frost's remarks merely underline the view being expressed by some political commentators here on settlement prospects: the Rhodesian Front has not reversed its entire drift of policy nor does it have any intention of doing so. This means that a settlement is feasible only outside the five British principles.

Earlier this month, Mr. Frost told the Front's congress that Rhodesians were becoming "fed up" with multi-racial swimming pools and other non-segregated public amenities. Elaborating on this viewpoint in an interview, Mr. Frost said that "mixed" transport facilities were already a great source of friction.

Tapline 'hit by new explosion'

AMMAN, Oct. 24.

A JORDANIAN military spokesman to-day accused "saboteurs" of blowing up a section of of the Trans-Arabian pipeline (Tapline) in North Jordan early to-day.

The spokesman said a fire, which was started by an explosive device in the American-owned pipeline carrying Saudi Arabian crude to a Mediterranean terminal, across Jordan, Syria and Lebanon, was put out after raging for eight hours.

The pipeline, sabotaged several times in the past, was ruptured on the Amman-Baghdad highway, the spokesman added.

Tapline officials said that company teams will repair the leakage within 48 hours.

Reuter

HOME SAFETY CONFERENCE

The National Home Safety Conference, organised by the Royal Society for the Prevention of Accidents, will be held at the Grand Hotel, Scarborough, on November 3-4. It will deal with home safety education, burns and scalds, hazards in new domestic buildings, and unused medicines.

INSTITUTE OF PERSONNEL MANAGEMENT

Civil Service careers now more attractive, says Sir William

BY ELSBETH GANGUIN

HARROGATE, Oct. 23

THE Institute of Personnel Management's annual conference ended here at the week-end with Sir William Armstrong, the Permanent Secretary of the Civil Service Department, painting a picture of the future civil servant whom older generations would not recognise.

Already, Establishment Man was giving way to the personnel manager, and the change would be complete in, say, ten years' time, said Sir William.

The non-industrial Civil Service's 500,000 workers were 98 per cent. unionised and their strong independent staff associations were being consulted all along the line.

The goal was efficiency and economy, permeated with humanity. In the Civil Service there was still a tendency for the line manager to be less involved in personnel management than his counterpart outside. This would be remedied.

Units, he said, were being set up whose objectives were clear and coherent and whose responsibilities were marked and recognised. Such improved operational and managerial structures would allow greater independence from the centre while retaining the necessary element of ministerial answerability.

Wastage

In areas of high wastage such as among executive officers, job-enrichment projects entailing the restructuring of jobs were in progress. This was particularly important as graduates who had not been able to find jobs elsewhere were now coming into executive grades.

Sir William recalled that the former system of the 400-odd different classes had accounted for the rigidity of the service. These barriers were being removed and it was made clear that "our job on the personnel side is managing people, not administering structures." Procedures allowing for lateral movement across the service wherever appropriate, had been established. And pension arrangements were about to be proposed which would allow civil servants to move out if they wished.

He emphasised that his intentions of making it easier for women to combine a Civil Service career with domestic duties did not mean "we are trying to discriminate in favour of women against men." But there would be better individual career development, improved annual reporting and appraisal interviews, all of which would be based on considerable training in the respective techniques.

Sir Eric Drake, chairman of British Petroleum, gave an account of the workings of an international oil company in which "every day is crisis day." Communications continued to be a major problem and so was succession planning. "Only yesterday morning I discussed various posts in 1984," he said.

BP had developed manpower techniques some of which were based on a computer model. This would at least allow one to form a view about the future in manpower terms, Sir Eric declared. They were not, however, cold-blooded computer operations. All such methods were coupled with a vital concern for the problems of individuals.

People at all levels now wanted to contribute to decisions affecting their own jobs and working lives. While any competitive organisation designed specially to cater for this would soon be in trouble, one still had to ensure that employees' suggestions were taken into account. The motivation of people, and a managerial structure to capitalise this motivation, was an area which still had a long way to go.

Sir Eric said it should be remembered that in normal circumstances specialised skills were in high demand which often meant loyalty to a profession rather than to the firm. Attention had to be paid, too, to the threat of technical and professional obsolescence. Considerable development training was going on in BP. This was contrary to "pop sociology which thinks we want the unimaginative 'yes man.'"

Sir Eric said BP was wholeheartedly supporting the draft Code of Practice, but "caution in its implementation would be wise."

New President

The conference ended with Mr. Harold Spear, personnel director of the CEGB, handing over the IPM presidency for the next two years to Mr. Terry Lyons, personnel director of Williams and Glyn's Bank. The new president, Mr. Spear said, would be a "pioneer of personnel in banking," an area, where personnel work was still in its infancy.

F.T. SHARE INFORMATION SERVICE

BRITISH FUNDS

Interest Due		Stock	Closing Price £	When last xd	Gr'ss Y'ld pc Int'rest £	Gr'ss Y'ld pc Redemption £
"Shorts" (Lives up to Five Years)						
15F.	15A.	Conv. 6pc 1972	100⅛	9.7	5.97	4.56
1F.	6A.	Gas 4pc 69-72	99⅝	2.7	4.02	4.79
6F.	5A.	Exchequer 6¼pc 1972	101⅛	2.7	6.17	4.69
15J.	15J.	Exchequer 6¾pc 1973	102¼	8.6	6.60	4.80
1A.	1O.	Electric 3pc '68-73	97[illegible]	25.8	3.08	4.88
1A.	1O.	Transport 3pc '68-73	97[illegible]	25.8	3.08	4.88
10J.	10D.	*Treas. 5¼% 1973*	99[illegible]	—	5.25	5.28
15J.	15D.	Conv. 5¼pc 1974	99	10.5	5.30	5.65
10M.	10S.	Treas. 5½% 1974	99[illegible]	—	5.53	5.70
11J.	11D.	Treasury 6¾pc 1974	102[illegible]	5.5	6.57	5.79
15F.	15A.	Savings 3pc '65-75	92[illegible]	9.7	3.26	5.24
—		Treasury 6pc 1975	99[illegible]	—	6.01	6.05
1M.	1S.	Exch. 6½pc 1976	101[illegible]	26.7	6.43	6.22
15F.	15A.	Treasury 6½pc 1976	101[illegible]	9.7	6.43	6.25
1M.	1S.	Victory 4pc 1976	97¼	26.7	4.11	6.24
Five to Fifteen Years						
5M.	1N.	Funding 4pc '60-90	97½xd	27.9	4.10	6.04
10M.	10S.	Treas. 6¼% 1977	100¾	—	6.24	6.23
15M.	15S.	Electric 3pc 1974-77	90¾	6.8	3.32	6.05
20J.	20D.	Transport 4pc '72-77	91½	14.6	4.42	6.88
26M.	26S.	Exchequer 5pc '76-78	93⅝	20.8	5.36	6.21
26M.	26S.	Electric 4¼pc '74-79	89	20.8	4.79	6.07
15M.	15N.	Do. 3½pc '76-79	84¼xd	11.10	4.14	6.95
15J.	15D.	Treasury 3½pc '77-80	85⅛	10.5	4.17	5.91
15J.	15P.	*Funding 5¼pc '78-80*	93¾	10.5	5.71	6.49
15F.	15A.	Treasury 3½pc '79-81	82½	9.7	4.28	6.08
15J.	15J.	Do. 8¾pc '80-82	107⅛	8.6	8.11	7.70
15J.	15J.	Funding 5½pc '82-84	89¾	8.6	6.23	6.94
10J.	*10J.*	Treasury 8¾pc '84-86	105¼	5.8	8.27	8.14
Over Fifteen Years						
1M.	1N.	Funding 6½pc '85-87	87⅞xd	27.9	7.38	7.85
1J.	1J.	Transport 3pc '78-88	63	25.6	4.84	6.85
15A.	15O.	Treasury 5pc '86-89	73¾	8.9	6.79	7.74
—		Treasury 8¼pc 87-90	98	—	8.51	8.58
5A.	5O.	Funding 6¼pc '87-91	78⅝	1.5	7.34	7.96
15M.	15S.	Funding 6pc 1993	78⅛	8.8	7.76	8.25
17M.	17N.	Treasury 9pc 1994	102½xd	11.10	8.73	8.69
1M.	1N.	Gas 3pc '90-95	53½xd	27.9	5.60	7.08
15M.	15S.	Treas. 9pc '92-6	103	8.8	8.82	8.79
1A.	1O.	Redp 3pc '86-96	54¾	25.8	5.50	6.81
1M.	1S.	Treasury 8¾pc 1997	101½	26.7	8.73	8.72
—	—	Treas. 8¾pc 1997 "A"	102¼	—	8.76	8.76
1M.	1N.	Treasury 6¾pc '95-98	81⅞xd	27.9	8.23	8.46
14J.	14J.	Funding 3½pc '99-04	51	7.6	7.00	7.70
—	—	*Treas. 8pc '02-6* ●	95	—	8.43	8.46
10M.	10S.	Treasury 5½pc '08-12	67¼	4.8	8.26	8.40
Undated						
1F.	1A.	*Consols 4pc*	46¾	25.8	8.73	—
1J.	1D.	War Loan 3½pc	41⅞	26.4	8.65	—
1A.	1O.	Conv. 3½pc '61 Aft.	40⅝	25.8	8.64	—
5A.	5O.	Treasury 3pc '66 Aft.	34½	1.9	8.75	—
5J.A.	*J.O.*	*Consols 2½pc*	29¼	1.9	8.59	—
1A.	1O.	Treasury 2½pc	29⅛	25.8	8.63	—

● "Tapstock"

INTERNATIONAL BANK

Interest Due		Stock	Closing Price £	When last xd	Int'rest	Redemption
15A.	15O.	5½pc Stock '68-74	94¾	17.9	3.69	5.44

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

PUBLIC BOARD AND OTHER LOANS

Corporation Short-dated Bonds

FOREIGN BONDS & RAILS

London U.S. Dollar and DM Issues

AMERICANS

CANADIANS

Dividends Usually Paid	Stock	Closing Price p**	When last xd	Div. Net Amount	Times Covered	Gross Yield %
J.Ap.Jy.O	Abitibi Paper‡	285	28.1	—	—	—
My Je.S.D	Bk. Montreal ($2)	769	26.7	77c	—	4.1
F.My.Au.N	Bk. Nova Scot. ($2)	£13[illegible]	1.10	64c	—	2.6
—	Bow Valley‡	£12⅝	—	5c	—	—
O JaApJly	Brascan‡	840	25.5	$1.0	—	4.9
—	B.P. Oil & Gas‡	296	—	—	—	—
F.MyAu.N	Can. Imp. Bk. ($2)	£11	1.10	69c†	—	2.6
July Jan.	Can. Pacific ($5)	603	28.8	65c	—	4.5
July Jan.	4pc N. Cum. P. ($5)	100	28.6	4	—	5.0
July Jan.	4pc Deb. £100	£42½	17.5	4	—	9.4
Apr. Jly.	Cons. Bathurst‡	295	4.8	●$1	—	14.1
J.Ap.Jy.O	*Gulf Oil Can.*‡	£12⅛	31.8	57½c†	—	2.0
—	Hawker Sid. Can.‡	105	—	—	—	—
F.MyAu.N	Hollinger ($5)	£17½	28.7	$1.20†	—	2.8
Apr. Oct.	Hudson's Bay‡	684	8.8	52c	—	2.4
Jan. July	*Hud. B. Oil G. ($2½)*	*£21*	5.7	50c	—	0.9
Mr.Je.S.D	Imasco	900	28.8	80c	—	3.7
Mr.Je.S.D	Imperial Oil‡	£14⅝	31.8	52½c	—	1.5
F.My.Au.N	Int. Nat. Gas $1	585	22.10	50c	—	3.6
Mr.Je.S.D	Int. Nickel‡	£13¼	20.8	$1.50	—	4.7
S. D. Jne.	Massey Ferg.‡	600	11.11	$1	—	:
December	Pacific Petrol ($1)	£16⅛	16.11	30c	—	0.8
—	Place Gas ($1)	51	—	—	—	—
June Dec.	Rio Algom‡	630	5.6	40c	—	2.6
M.JeS.D.	RoyalBk. Can. ($2)	£12¾	26.7	88c	—	2.9
May	Steep Rock ($1)	95	21.7	15c	—	6.6
F.MyAu.N	*Tor. Dom. Bk. ($2)*	*£21½*	1.10	68c†	—	2.4
J.Ap.Jy.O	Trans.Can. Pipe ($1)	£16⅝	29.9	$1	—	2.5
June Dec.	Westcoast‡	£11⅝	9.8	50c	—	1.8
Mar. Sept.	White Pass‡	410	25.8	25c	—	2.5

S.E. List Premium 23⅝% (based on $2.4950 per £)

BANKS AND HIRE PURCHASE

†† Banks, etc.

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER & ROADS

BUILDING INDUSTRY—Continued

For Jackson (DT) see Francis Parker under "Recents"

CHEMICALS, PLASTICS, ETC.

CINEMAS, THEATRES AND TV

DRAPERY AND STORES

DRAPERY AND STORES—Continued

ELECTRICAL AND RADIO

ENGINEERING AND METAL

ENGINEERING AND METAL—Gen. Cont.

For Hattersley Stelrad see Stelrad Group

FOOD, GROCERIES, ETC.

HOTELS AND CATERERS

HOTELS AND CATERERS—Cont.

INDUSTRIALS (Miscell.)

"Recent Issues" and "Rights"

مكتبة الجامعة

INDUSTRIAL (Miscell.)—Continued

Stock	Closing Price	When last xd	Div. % or amount	Times covered	Gross yield	P/E Ratio
Ingledon Lamb.	66	6.9	15	1.0	5.7	17.8
Ind.C.Cl'ns (10p	28	5.10	6	1.8	2.4	23.7
Initial Services	72	12.7	15	1.4	5.2	14.1
Inter-City (20p)	28¾	11.1	d5	1.0	3.5	29.5
IntCompad'raE1	109	28.8	11½	1.5	10.3	7.2
Int. Time Rec.	123	25.8	†20	2.4	4.1	11.6
Jacks (Wm.)	24	5'88	—	—	—	—
James (John)	35	23.8	d12	10.8	8.6	15.8
James (M.)(10p)	32	5.5	d20	3.3	6.3	4.8
FrdineM(HK$5)	355	—	†16.8	2.2	1.9	24.6
Jentique (5p)	20½	28.9	16½	2.1	4.0	12.0
Jeyes Group	95	6.9	†19½	1.4	5.0	14.5
Johnson Cln'rs.	62	8.9	†8	0.9	3.2	32.8
JohnsonMthy	297	28.8	12½	1.8	4.2	13.3

††INSURANCE

Dividends Usually Paid	Stock	Closing Price	When last xd	Div. % or amount	Times covered	Gross yield	P/E Ratio
Dec. July	Bowring (C.T.)	488	28.5	38	2.6	1.9	19.8
July Jan.	BrentnallBd 10p	100	12.7	634	1.7	3.4	17.6
Sept. Apr.	Britannic 5p	218	8.8	†165	—	3.7	—
Nov. May	Comm. Union	462	20.8	†61	—	3.3	—
Jan. July	Eagle Star (50p)	440	28.5	†24	—	2.7	—
Nov. June	Economic	280	4.10	45	—	3.9	—
June	Equity&Law(5p)	285	17.5	110	—	2.0	—
Oct. May	Excess	250	4.10	35	—	3.5	—
Dec. Aug.	Fenchurch (10p)	85	12.7	45	1.2	5.5	15.8
Dec. Aug.	Do. "A" (10p)	82	12.7	45	1.2	5.5	15.8
Dec. June	Gen. Accident	169 xd	18.10	†22	—	3.2	—
Dec. June	Guardian Royal	256	4.10	†32	—	3.1	—
May Sept.	Hammond (L.)	80	6.9	20	1.2	5.6	14.9

PROPERTY—Continued

Dividends Usually Paid	Stock	Closing Price	When last xd	Div. % or Amount	Times covered	Gross yield	P/E Ratio
May Sept.	Berkeley Prop.	156½	22.3	15	1.7	2.7	21.4
Dec. July	Bradford Prop.	157	28.8	25	1.5	4.1	15.4
Mar. Oct.	British Land	117	4.10	d11	1.0	2.5	42.1
July Dec.	Brixton Estate	116	8.9	†12½	1.4	2.7	35.3
Sept. Mar.	Capital & C'ties	92	8.3	†10	1.1	2.7	36.3
Mar. Oct.	Cent. & Dist 50p	177	23.8	9½	1.0	2.6	38.1
April Nov.	Centrovincl 20p	80	4.10	12½	1.9	3.1	17.0
Dec. July	Do. Cap. 20p	78	—	—	—	—	—
Dec. Aug.	Charlwood (10p)	89½	28.5	16	1.1	1.8	49.8
Nov. July	Chesterfield	151	28.8	d14	1.1	2.3	40.1
Dec. June	Chown Secs.	105	17.5	12½	2.3	3.0	14.8
July Jan.	Church'bry Est.	222	14.8	29	1.2	3.2	25.4
Nov. Apr.	City C'ntry 10p	44	20.8	14	1.2	3.2	25.3

TEXTILES—WOOL

TRUSTS, FINANCE, LAND—Continued

TEAS—Continued

India and Pakistan (cont.)

Ceylon

MINES—CENTRAL RAND

EASTERN RAND

FAR WEST RAND

O.F.S.

FINANCE

DIAMOND

PLATINUM

CENTRAL AFRICAN

AUSTRALIANS

TIN—EASTERN

TIN—NIGERIAN

TIN—MISCELLANEOUS

COPPER

Dividends Usually Paid	Stock	Closing Price	When last xd	Div. % or amount	Times covered	Gross yield
Mar. Dec.	Esperanza (12½p)	81	22.3	40	1.9	6.2
July	Indian (10p)	11	5.5	11.1	3.0	10.1
June Jan.	Messina (R0.50)	204	17.5	†90	2.0	‡

MISCELLANEOUS

Dividends Usually Paid	Stock	Closing Price	When last xd	Div. % or amount	Times covered	Gross yield
—	Burma Mins (17½p)	6¾	4'61	—	—	—
Apr. Oct.	Cent. Prov Mn(12½p)	25	8.5	α12	ϕ	10.2
—	Charterhall (5p)	11½	5'67	—	—	—
Aug. Feb.	Cons. Murch (10c)	215	28.6	‡80c	2.1	‡
Sept. Mar.	G. F. Alg. Ind. Db.	£83½	22.3	7	38.0	8.5
July Dec.	Northgate (C$1)	310	28.7	50c	2.2	6.7
Jun. Dec.	R.T.Z.	195	—	24	1.8	3.1
—	Sabina Inds. (C$1)	55	60.4	—	—	—

SHIPBUILDERS, REPAIRERS

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

STEELS

TEXTILES—GENERAL

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

Finance, Land, etc.

UTILITIES

OILS

RUBBERS—MALAYSIAN

RUBBERS—MISCELLANEOUS

SISAL

TEAS

India and Pakistan

MACHINE TOOLS

MOTOR, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Aircraft

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

For Notes see Page 31

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THE LEX COLUMN

Unit trust and market levels

There are some close parallels between the performance of London and Wall Street equity markets since the low points of May, 1970. You can see three phases to date. During the first, a relatively lazy one, the DJI's move of rather over a fifth *from 630 to around 770 in* late 1970 can be paralleled by the move from 122 to around 145 *in March, 1971, in* the 500 share index. The second was a sharp rise, to 950 for the DJI in April and to 190 in July in the 500 share. Since then we have had a consolidation in both markets, downward in the case of the Dow (off 12 per cent. at the August low) and sideways for London. Since the annual rate of rise in phase two was 100 per cent. in London as against 50 per cent. in New York, a prolonged consolidation had to be the order of the day here, so much so that a 7-10 per cent. fall from current levels would still be consistent with further new market highs to come.

The qualm is of course the way the upward momentum in Wall Street was broken down last week, bringing with it the reminder that the U.K. economy does not live in a vacuum (all the world's major stock markets also looking bad). But it was argued here on Saturday that a single cause, September's mutual fund net redemptions, was behind the weakness of the Dow and that this invalidated *that index as a bearish pointer.* The premises behind the argument may be explored, with *reference* to the unit trust industry in the U.K.

Repeating pattern

The pattern of rising unit trust redemptions with a rising equity market has been repeated with total consistency here over the past decade. Expressed as an annual rate percentage of total funds, a redemption trough of 3.2 per cent. in third quarter 1962 built progressively up to a peak of 5.6 per cent. in first half 1964: a 2½ per cent. *low late 1966 to* a 7½ per cent. high late 1967; and a rise to similar levels now *from figures of around 3½ per* cent. in the summer of 1970.

But what has changed over the period is that whereas sales expressed in the same way tended to measure a fairly consistent 20-25 per cent. through to early 1969, they have since dropped off to around 10 per cent. The conclusion is that the market is relatively saturated (at £1,800m. unit trust funds are three times the early 1967 *level); and that we are now* in the age when net redemption figures will be a repeating *hazard of rising markets.*

The same story is clearly true of Wall Street. The mutual fund industry has been taken by surprise there, and its end-September cash ratio of 4.7 per cent., barely higher than it was in June, must be raised. Though mutual funds only account for 4.5 per cent. of the total market value, their performance orientation demonstrably gives them a disproportionate impact on price levels. But the lesson for market observers is that the results of the industry's inexperience—in this case (to some extent indirectly perhaps) a drop in the indices and a deterioration of a number of the technical indicators — should not be interpreted as having any predictive value whatever.

BP

The challenge for a BP analyst at the moment is to rationalise a share price just 4 per cent. off its 1971 peak on a prospective multiple of around 14, when Shell, for example, is 20 per cent. off the top on a p/e of around 10½. Granted Shell has to cope with Amsterdam and the dollar premium content, but BP is showing plenty of strength relative to the U.S. majors as well.

The problem is that if fears rather than any fundamental changes are clouding the industry picture, BP can be seen to be at least as vulnerable as the competition to the new areas of doubt. Thus the participation debate is of more pressing interest to BP with its massive reserves of crude in OPEC countries than it is to a crude deficit group like Royal Dutch/Shell. For the same reasons, just as BP gained most out of the swing from a crude oil surplus to a deficit over *1970,* so any worries about world energy demands—and recent *trends in European fuel oil* prices—are extremely relevant for the group, with *Europe* accounting for 70 per cent. of product sales in 1970.

Wood Mackenzie has *taken* up the cudgels, and its latest work on BP suggests several reasons for its share price strength. One is that the rapid increase in its crude sales—up 25 per cent. in 1970 and 29 per cent. in the first half of 1971—is partly to do with a rising world market share, particularly in Japan, where it was under-represented prior to 1970. Another pointer here is the toehold behind the Iron Curtain following a Polish supply contract signed this year.

The major development, of course, is the North Sea; WM reckons that oil could be coming ashore in 1974 building up to a production rate of 400,000 barrels per day. To judge from the initial shipments from Ekofisk, this will be premium priced crude and, given BP's unabsorbed tax credits and U.K. allowances, *WM suggests* that the net profit to BP from the Forties Field alone could eventually be worth *£60m.*-£80m. in a full year.

That may be no more than an educated guess, yet with a current-year earnings estimate *of £165m.*, the fact that such projections can be postulated is reason itself for BP's support. *It does not* solve the medium-term doubts, however. WM expects that a rise of a quarter *in total revenues* over the next couple of years will take 1973 earnings up to around £185m. (48½p *per share*). What remains to be tested is its assumptions about prospective demand, and *the independents'* share of that with freight rates at their current levels.

SE Art Society

Stock exchange artists who would like to be hung get their *chance again next month.* The 53rd annual exhibition of the Stock Exchange Art Society *will be held from November 3* to 5 in the Drapers' Hall. Handing-in day is Friday, *October 29,* and the hanging day Saturday 30. There will be a preview party and official opening at 6 p.m. on Tuesday, November 2.

Lombard

Quality aspect of the EEC decision

BY C. GORDON TETHER

THE POLITICAL soothsayers are all agreed that Mr. Heath's decision to take off the Whips will strengthen next Thursday's vote for entering EEC in quantitative terms. But no one, I imagine, is going to pretend that its quality—which is what really counts—will have been enhanced by this stratagem. And the quantitative gain has itself been secured at the obvious expense of inflicting further damage on the reputation of our so-called Parliamentary democracy, something which we used to like to persuade ourselves *was the envy of* the world.

The Prime Minister has justified his decision to allow Conservative MPs a free vote on EEC entry on the grounds that it is an issue of "unique importance." He is not, of course, exaggerating. The sad thing is that so little effort is being made to *ensure that the* processes employed for resolving it are of the high standard that is clearly called for.

Their images

It is, I suppose, just conceivable that there could have been a genuine free vote on the EEC question if the Government had stuck to its General Election undertaking "to negotiate—no more, no less" and, having done so, had submitted the outcome to Parliament with an open mind. Needless to say, *such* a thing became quite impossible once it had staked its own reputation on the deal it concluded in Brussels.

The outcome of the vote a few years back on capital punishment shows the extent to which the general run of MPs adopt the line most likely to improve their political images even when the party has not formally come down on one side. For two out of three Tories favoured retention of the death penalty, whereas 99 per cent. of the Labour vote lined up on the opposite side.

Cuts across

Inevitably, MPs are going to be even less inclined to be materially influenced by non-party *considerations when the* leadership has expressed a view and stressed the importance it attaches to seeing it accepted. As we are always being told, the Common Market issue is beyond politics and cuts across every other line you can think of. So it is obvious that the big contrast in the EEC votes recorded at the recent Tory and Labour conferences makes sense only if it is accepted that party considerations did in fact dominate attitudes on both sides.

A free vote on the Common Market could, therefore, never *have been anything* but a travesty of the real thing. The Government made even more sure that it could be so labelled by refusing to disclose its intention to permit it until there was no hope of pressurising any *more anti-Market Tories to rally* round the flag with the threat of a three-line whip on October 28, and it was too late for those who had already succumbed to this pressure to turn back.

The net effect must be to make *the quality of the October 28* vote—a matter in which, as I pointed out last Monday, our prospective EEC partners have a deep interest — look even more suspect.

Reliability

"If we are now to reject the opportunity to join the EEC," said Sir Alec Douglas-Home, "we must pause and ask ourselves how our reputation as a nation for reliable dealing will be looked upon in Europe and the rest of the world." The fact is that nothing is more calculated to sully that reputation than the bare-faced gerrymandering that has characterised the attempt *to get Parliament* to approve the EEC adventure in face of the hostility of the nation.

And since our Parliamentary democracy rests, as Mr. William Rodgers has pointed out, on public respect for its representatives, the damage inflicted on this aspect of our national life *is particularly worrying.* Moreover, there could be worse to come if anti-Market forces contend—as they reasonably could—that, as the Government is getting its October 28 vote by devious means, they will be justified in using unorthodox weapons to defeat it in the ensuing legislation battle.

Mr. Max Beloff argued in the Daily Telegraph on Friday that only unconventional measures can now extricate Mr. Heath from the highly unsatisfactory position he has manoeuvred himself into. He is quite right. The obvious answer is to put the EEC issue to the country—as it should have been in the first place—by holding a referendum.

Ulster suffers weekend of increasing violence

BY OUR OWN CORRESPONDENT — BELFAST, Oct. 24.

VIOLENCE in Northern Ireland this week-end touched a new peak with a spate of shooting incidents in almost every area throughout the province. As the bloodshed worsened, so, too, *did the prospects of a political* rapprochement.

Five people were shot dead by troops and seven wounded by gunfire from the security forces; four soldiers were wounded by gunfire from terrorists and one civilian was hit by terrorist gunfire during an attack on an Army patrol.

The number of shooting incidents in the last 48 hours has given a sharp reminder that however much success the Army has had in recent weeks the IRA is still far from being a defeated force.

Even so, Capt. John Brooke, the Unionist Party's Chief Whip, said to-day: "While the death *toll may rise, the victories* are being won."

This afternoon the Civil Rights Association in Newry, Co. Down, staged a protest against the shooting of three men, said by the Army to have been *attempting to carry out a bank* robbery. Once more the protests spilled over into renewed violence with mobs on the rampage burning and looting shops.

The men, all from Newry, and aged 19-20 were named to-day as John Francis Ruddy, James Thomas McLaughlin and Robert Anderson. According to the Army, they were given two warnings to halt by troops guarding banks from rooftop positions.

A spokesman at Army headquarters, asked if there was any *suggestion* that *any of the men* has used a firearm against the troops, replied: "No."

The Newry shootings last night touched off six hours of intermittent rioting, with a 300-strong mob of youths hijacking vehicles and setting them alight.

Worst outburst

A *similar pattern of burnings* erupted in the Falls Road area of Belfast in the tension following the incident in which two sisters were shot dead in a car by troops. In addition, four soldiers and a civilian were wounded by automatic fire. It was learned later that, arising out of the incident, a man and a woman *will appear in Court to-morrow* on charges under the Explosive Substances Act.

The Army insisted that shots had been fired from the car in which the women were travelling, though this is denied by people in the area where the incident occurred.

Elsewhere the worst violence was at *Coalisland, Co. Tyrone,* where mobs attacked the police station with gunfire and petrol bombs. Three people were shot by troops and one by police.

Two youths aged 17, Frank Parks and John Patrick Harbin, were discovered in the city to-day tarred and feathered. Harkin also had a gunshot wound in the leg.

Apart from the violence this *week-end also brought* the first annual conference of the Social Democratic Labour Party, the main Opposition group which has withdrawn from the Stormont Parliament.

The party reaffirmed its claim to the "active, guaranteed and permanent role" for the Roman Catholic minority in Ulster promised by Mr. Maudling, the Home Secretary, but repeated that it could not enter into any political agreement while internment lasted.

● Reuter reports that Senator Edward Kennedy has refused to tone down his call for the withdrawal of British troops from Northern Ireland in spite of *mounting criticism in his home* State of Massachusetts.

In a tour of his home State last week Senator Kennedy was repeatedly forced to explain his Irish position, which has led to criticism by many outside the Irish community.

Asked to comment on British criticism, he said: "Is it any *different from the reaction of the* Pakistani Government to my statements about the 12m. refugees living in India which continues to be one of the great tragedies of modern times?"

Talks: Lynch setting conditions

BY DOMINICK J. COYLE — DUBLIN, Oct. 24.

THE IRISH Government is now expected to impose some conditions for any further talks on Northern Ireland between Mr. Heath and Mr. Lynch, the Republic's prime minister. One such meeting is already tentatively scheduled for next month.

The Government's view is that no substantive progress can be made towards a political settlement to the Ulster crisis simply by continuing the general discussions *on the problem* initiated in the Lynch-Heath talks on September 6-7 and extended into tripartite discussions to include Mr. Faulkner, at the end of last month.

The Irish are now seeking a positive indication, in advance of any further meeting of Prime Ministers, that the British Government is prepared to consider seriously both the prospects of an eventual all-Ireland solution to the crisis and, as an interim arrangements, a radical restructuring of the present *administration in Northern Ireland.*

This hard-line attitude in Dub*lin is based in great measure on* disillusionment within the Government, as reported in the Financial Times on October 21, with what Ministers see as a total absence of any meaningful political initiative by Whitehall in an effort to *resolve* the Northern problem.

Mr. Lynch's attitude is understood to be that the time has now passed for cosy chats at Chequers or for a further restatement of the respective positions of the London, Dublin and Belfast Governments. His colleagues in the Cabinet share the view that what *is now wanted are serious* discussions, or none at all.

Some Irish officials took this view immediately following the tripartite talks at Chequers on September 27-28, and they were saying privately at that time that the next round of talks would have to get down "to the real *issues." It now seems that their* views have won approval within the Cabinet, and that the Prime Minister will not go to London for further talks next month without some assurance in advance that Mr. Heath is prepared to consider radical political change in Northern Ireland.

Irish sources have been putting considerable emphasis on Thursday's Common Market vote as a factor which, they claim, could be inhibiting the British Prime Minister from taking serious political initiatives on Ulster for fear of alienating Ulster Unionist MPs in the Commons. They are now hoping for some significant political moves on the North following that key vote. Alternatively, they see a further rupture in Anglo-Irish relations and extreme difficulty in arranging another meeting of Prime Ministers.

Sinn Fein to fight elections, Page 33

Aluminium: OECD may try to ease problems

By Ken Gofton

MONTREAL, Oct. 24.

THE ORGANISATION for Economic Co-operation and Development *is believed* to be examining whether it can play a role in solving the problems of the international aluminium industry, now facing the prospect of further drastic cuts in production levels over the coming months.

Mr. David Culver, the Alcan Aluminium vice-president responsible for world-wide *sales,* said here this week-end that if everything now went right—no trade war, a quick solution to currency problems and a rapid growth in aluminium consumption—it would still be necessary for the industry to cut operating levels by 6 per cent. or 7 per cent.

He was wary of involving the OECD "because it makes an interesting career for international civil servants who, *once* they have solved one set of problems start looking for the next." However, he favoured the move if it helped calm European opinion and avoided the threat of reprisals against the U.S. imports surcharge.

Near bottom

Aluminium prices, said Mr. Culver, must now be getting "awfully close" to the bottom. He quoted spot market prices of 19 cents a pound against production costs at a new *smelter of* 24-28 cents a pound. If prices went much lower it was possible that some companies would go out of business.

Alcan itself had no firm plan for new smelters once the group's U.K. plant at Lynemouth, Northumberland, was completed. The economics of new smelters to-day were not attractive at *all,* he said.

Turning to the U.S. imports *surcharge Mr. Culver said that* Alcan was making representations in Washington. Unlike most raw materials, aluminium was caught in the surcharge net because there was an existing levy on the metal of 1 cent a *pound. Yet the U.S. could not* produce all of the aluminium it needed.

He estimated that the direct cost of the surcharge to Alcan could be as much as $15m. in a full year with a further substantial loss of business. *Alcan's* Japanese associate was heavily dependent upon the Japanese motor industry which in turn was expected to be badly hit by the surcharge.

Chapple may run for EPTU job

BY ALEX HENDRY, LABOUR REPORTER

MR. FRANK CHAPPLE, general secretary of the electricians' and plumbers' union, is now expected to contest the bitter fight for the union's top post of general president.

The position has been vacant since the death of Sir Leslie Cannon is December last year. In April Mr. Mark Young, a national officer, lost a High Court case to force the executive to hold an *election* by August and to declare him elegible as a candidate.

The date for the election will *be set after the union's* rules revision conference next month. It is unlikely to be held before the beginning of next year.

Senior post

Mr. Chapple has not declared himself a candidate for the elec*tion but since it is by definition* the senior job in the union, and he is faced with a growing campaign against his leadership, it is expected he will run.

The union has been torn by power struggles since before the famous High Court case ten years ago which proved that some Communist officials had been guilty *of ballot rigging.*

Since the beginning of this year it has been involved in no fewer than nine civil court actions, including that by Mr. Young, about elections and the executive's interpretation of rules.

The rules revision conference promises some bitter arguments *over a move to re-establish* area committees, the disciplinary final appeals committee and the election of officers.

Supporters of a return to area committees argue that these are more democratic than the union structure based on industries. The decision to end them was based mainly on the argument that an industry *structure* was more efficient and logical.

The final appeals committee, made up of lay members, was disbanded following a ballot of members. Executive members complained bitterly at times that it was loaded with left-wingers who were *forever* overturning executive decisions on disciplinary action against members who had allegedly broken the union's rules.

The decision to appoint rather than elect fulltime officials was also decided by a ballot of members. Some, including Mr. Young, are still serving out periods of office which they began before the rule change in 1968.

As acting chairman of the officers negotiating committee, Mr. Young last week wrote a letter to Mr. Chapple listing the grievances of the 120 full time officials.

He says that those officers who *have now been* appointed to their jobs are without contracts of employment and there is no procedure *set* down which would allow them to appeal against a decision by the executive to remove them from office.

The letter complains that changes in the status of offcers weakens the union's democratic procedures and asks that a national official be invited to the rules revision conference so that their position can be put to the delegates before they vote on any rule change.

Mr. Chapple, *who was* re-elected general secretary this year, said yesterday that the letter from Mr. Young had only one theme. He said: "It is an attack on me personally."

Mr. Chapple said that only two officers had left, one because his area could not support a full-time official and the other was invited to resign which he did on health reasons.

The union recently announced it *was to end its ban on* Communists holding office.

Bid to keep Britten-Norman going

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

"SEVERAL alternatives" to the shut-down of Britten-Norman, the Isle of Wight aircraft manu facturer, are now being explored by the receiver, Mr. Maurice *Eckman, of Price, Waterhouse,* who took over the affairs of the company last Friday.

His appointment on behalf of the debenture holders in Britten-Norman — the Government and Exporters' Refinance Corpor*ation (which is majority-owned* by Lloyds Bank)—followed a decision by ERC to recall loans of £2.8m. outstanding to Britten-Norman, which makes the Islander and Trislander light transport aircraft.

Visit to island

Mr. Eckman visited the Isle of Wight on Friday and Saturday, and had several hours of talks with the joint managing directors of the company, Mr. Desmond Norman and Mr. John Britten. Following those talks, *Mr. Eckman said:* "Several alternatives to total shutdown and dispersal of employees are being considered."

He added that he hoped to give fuller information when he returned to the Isle of Wight to-day or to-morrow.

In the meantime, details of the payment of this week's wages to the 220 employed at Britten-Norman's Bembridge works will have to wait, but the workers have been told the report for work as usual this morning.

The major sub-contractors on the Islander aircraft—British Hovercraft Corporation at Cowes and C. F. Taylor at Chistchurch—will also want to know what the situation is, since they employ respectively 200 and 50 workers on Islander work.

No further information was available over the week-end as to the reasons for the decision by ERC to recall its loans to Britten-Norman, thereby resulting in the decision of Mr. Norman and Mr. Britten to ask for the appointment of a receiver and manager.

The alternatives that are now being explored by Mr. Eckman to *try to keep Britten-Norman going* are understood to include the possible sale of the three-engined Trislander part of the company's activities to an Israeli consortium, and the possibility of some form of rescue operation from within the aerospace industry.

Some hope

The Israeli group was known to be extremely interested in the Trislander, and discussions were in progress immediately prior to the appointment of the receiver, but could not be completed in time. There would appear, therefore, to be some hope that these negotiations can be continued under the receiver.

If these talks were to prove successful, Mr. Norman and Mr. Britten indicated last week that they would yield something of the order of £1½m. cash and further proceeds over a period of time through levies on sales.

While this would go a long way towards meeting the £2.8m. debt owing to ERC, it is still not enough, however, so that even if the Trislander part of Britten-Norman's activities is sold, it would still require some further action to meet the balance of the debt and to keep the company alive.

This is where the possibility of some rescue operation from the aerospace industry might become more feasible. The cost of such an action might be more attractive to another company in the industry once it had been reduced by the Trislander hiving-off.

It is thought possible that Mr. *Eckman may approach* Westland Aircraft Group, whose subsidiary, British Hovercraft Corporation, is already closely involved in Islander production. Alternatively, it is possible that Hawker Siddeley Group might *be prepared to consider taking* the Islander under its wing.

With deliveries of 320 Islanders already, and orders for another 40 on the books and orders still coming in, the feeling in the aerospace industry over the week-end was that this programme—Britain's second most successful civil aeroplane since the war, after the Viscount airliner—ought to be saved if possible.

Romania

Concern is also being expressed at the impact a complete shutdown of Britten-Norman would have on relations with Romana. Under a five-year contract, the Romanian aircraft industry assembles Islanders from parts *flown out from Britain,* with the finished aircraft flown back here for painting, furnishing and delivery to customers. So far 60 aircraft out of 215 involved in the contract have been completed.

Thus, the possibility of the Romanians themselves taking over more of the Islander work *cannot* be ruled out, for they would probably be as anxious as anyone in the U.K. to ensure the survival of what has now become a substantial part of the activities of IRMA, one of Romania's two main aircraft manufacturers.

Weather

U.K. TO-DAY

After the clearance of m[illegible] mist and fog patches, m[illegible] will have a dry day with spells. It will be rather w[illegible] most places for late Octo[illegible]

London, S.E., Cent. S. E[illegible] E. Midlands
Mist and fog patches in[illegible] ing. Sunny spells deve[illegible] wind variable, becoming light to moderate. Ma[illegible] (59F).

E. Anglia, E. and N.E. E[illegible]
Mist and fog patches in[illegible] ing. Sunny spells in afte[illegible] Wind variable, becoming light to moderate. Ma[illegible] (57F).

W. Midlands, Channel[illegible] S.W. England, S. Wa[illegible]
Mist and fog patches in[illegible] ing, sunny spells deve[illegible] Wind variable becoming light or moderate. M[illegible] (61F).

N. Wales, N.W. and C[illegible] England, Lakes, I. of M[illegible] Scotland, Glasgow, N[illegible]
Mist and fog patches[illegible] Mainly dry with sunny developing. Wind li[illegible] variable. Max 14C (57F)

Borders, E. Scotland, Du[illegible] Cent. Highlands, [illegible]
Mist and fog patches Sunny spells developing W. light or moderate. [illegible] (55F).

Argyll, N.W. Scotla[illegible]
Mainly dry with sunn[illegible] Wind W. moderate. [illegible] (54F).

Caithness, Orkney, Sh[illegible]
Mainly dry with sunn[illegible] vals. Wind W. modera[illegible] 10C (50F).

Outlook: Mainly dry w[illegible] night mist and fog followed by sunny spells eratures near or above but with some frost at [illegible]

Lighting-up: London [illegible] Glasgow 18.34, Belfast 1[illegible]

BUSINESS CENTR[illegible]

Amstrdm.
Bahrain
Beirut
Belfast
Belgrade
Berlin
Birmghm.
Bristol
Brussels
Budapest
B. Aires
Cairo
Cardiff
Cologne
Copnhagn.
Dublin
Edinb'rgh
Frankfurt
Geneva
Glasgow
Helsinki
H. Kong
Jo'burg
London
Luxembrg.
Madrid
Manchstr.

HOLIDAY RES[illegible]

Ajaccio
Algiers
Athens
Barcelona
Biarritz
Blackpool
Bordeaux
Boulogne
Casablnca.
Cape Tn.
Corfu
Dubrovnik
Florence
Gibraltar
Guernsey
Innsbruck
Inverness
I. of Man

S—Sunny. F—Fair. C—C[illegible]